COUNCIL OF EUROPE CONSEIL DE L'EUROPE

COMMITTEE OF EXPERTS ON THE EVALUATION OF ANTI-MONEY LAUNDERING MEASURES AND THE FINANCING OF TERRORISM (MONEYVAL)

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"The former Yugoslav Republic of Macedonia"

Progress report[1] - *Annexes*

30 September 2011

[1] Second 3rd Round Written Progress Report Submitted to MONEYVAL

"The former Yugoslav Republic of Macedonia" is a member of MONEYVAL. This progress report was adopted at MONEYVAL's 36th plenary meeting (Strasbourg, 26-30 September 2011). For further information on the examination and adoption of this report, please refer to the Meeting Report (ref. MONEYVAL(2011)25) at http://www.coe.int/moneyval.

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On an introductory note, the following needs to be emphasized concerning the references used in respect of the country's name.

Pending the resolution of the bilateral dispute over the name of this country, which is the subject of ongoing negotiations under the auspices of the United Nations and following the adoption by the Committee of Ministers of Resolution (95) 23 (adopted on 19 October 1995 at the 547th meeting of the Ministers' Deputies) the provisional form of reference in Council of Europe documents remains as follows: "the former Yugoslav Republic of Macedonia". This also applies for the current document.

The references in the body of this report to the evaluated country, pieces of legislation, bilateral agreements, authorities and other terms are retained as they were provided by the official authorities in their written progress report, however, this should not be read as changing the official position of the Council of Europe.

-ANNEX 1-

LAW ON MONEY LAUNDERING PREVENTION AND OTHER CRIMINAL PROCEEDS AND FINANCING TERRORISM

I. GENERAL PROVISIONS

Article 1

This Law shall lay down the measures and actions for detection and prevention of money laundering and other criminal proceeds and financing terrorism.

Definitions
Article 2

Certain expressions used in the Law shall have the following meaning:

1. "Money Laundering and other Criminal Proceeds" (hereinafter referred to as money laundering), shall mean activities anticipated in the Criminal Code as the crime of money laundering and other criminal proceeds;
2. "Financing terrorism" shall mean activities stipulated in the Criminal Code as the crime of financing terrorism;
3. "Criminal Proceeds" shall mean any property or advantage attained, directly or indirectly, by perpetrating a punishable act; Proceeds from a punishable act and proceeds from a punishable act perpetrated abroad, under the condition that at the time when it was perpetrated, it had been anticipated as a punishable act both according to the laws of the country in which it had been perpetrated and according to the laws of the Republic of Macedonia;
4. "Property" shall mean money or other payment instruments, securities, deposits, other property of any kind including tangible and intangible, moveable or immovable property, other rights on items, claims, as well as public and legal documents for ownership and assets in written or electronic form or instruments proving the right to ownership or interest in such property;
5. "Financial institutions" shall mean:

- Banks according to the Law on Banks;
- Exchange offices according to the Law on Foreign Exchange Operations;
- Savings houses according to the Law on Banks;
- Brokerage houses in accordance to the Law on Securities and Exchange;

- service providers for fast money transfer according to the Law on Fast Money Transfer and Post Offices and other legal entities who perform financial transactions, telegraph transfers of money or delivery of valuable shipments;
-insurance companies, insurance brokerage companies, companies for representation in insurance, insurance brokers and insurance agents performing actions for life insurance, i.e. performing actions of representation and mediation in the insurance process upon conclusion of life insurance contracts in accordance with the Law on Insurance Supervision;
-investment fund management companies according to the Law on Investment Funds;
-companies for management of voluntary pension funds according to the Law on Voluntary Fully Funded Pension Insurance,
- and other legal entities or natural persons who in accordance with Law perform one or more activities related to the approval of credits, issuing electronic money, issuing and administering credit cards, consulting, financial leasing, factoring, forfeiting, provision of financial consulting services and other financial activities;
6. "Client" shall mean any legal entity or natural person who carries out activities related to investments, crediting, exchange, transfer and other types of money transfer or participates in the conclusion of legal matters for acquiring money or property and other forms of disposing with money or property;
7. "Money" shall mean a means of payment in cash, in denomination or electronic money which, according to the law, is in circulation in the Republic of Macedonia or abroad.
8. "Electronic money" shall mean money according to the Law on Payment Operations;
9. "Beneficial owner" shall mean a natural person who is the owner or who has direct influence on the client and/or natural person in whose name and on whose behalf the transaction is being performed.
A beneficial owner of a legal entity shall be a natural person:
a) who has a direct or indirect share of at least 25% of the total stocks or share, or rather the voting rights of the legal entity, including possession of bearer shares and/or
b) who otherwise exercises control on the management of and gains benefits from the legal entity;
10. "Service providers to legal entities" shall mean natural persons or legal entities who provide services for:
a) incorporation of legal entities;
b) arranging or assisting for another person to act as the management body or a member of the management body of the legal entity;
c) provision of a registered office of the legal entity;
d) arranging or assisting for other persons to act as partner or shareholder for another person other than a company which is listed on the Stock Exchange;
e) and other services stipulated by Law;
11. "Holders of public functions" shall mean natural persons citizens of other countries who are or have been entrusted with public functions in the Republic of Macedonia or another country, such as:
a) presidents of states and governments, ministers and deputy or assistant ministers,
b) members of parliament,
c) elected and appointed public prosecutors and judges in courts,
d) members of state audit institution and members of a board of a central bank,
e) ambassadors,
f) high ranking officers in the armed forces (ranks higher than colonel),
g) other elected and appointed persons pursuant to Law and members of management bodies of state owned enterprises and
h) persons with functions in political parties (members of political party bodies).
The term "holders of public functions" shall also cover:

a) close members of the family with whom the holder of the public function lives in communion at the same address and
b) persons who are considered to be close associates:
-business partners (any natural persons known to have joint ownership of the legal entity, has concluded agreements and has established other close business links with a “holder of a public function”) and
-persons who have incorporated a legal entity on behalf of the holders of public functions.
Persons shall be considered holders of public functions as referred to in items a) to f) for at least one year after the cessation of the public function, and on the basis of a previously carried out risk assessment by the entities;
12. “Business relationship” shall mean a professional and commercial relationship, established between the client, the authoriser and the beneficial owner and the entities referred to in Article 5 of this Law, with a fixed duration;
13. "Temporary measures” shall mean a temporary prohibition of use or disposal with money, securities and exchange, funds and other assets, temporary storage and protection on the basis of a decision issued by a court other competent authority in a procedure established by Law;
14. “Linked transactions" shall mean two or more transactions carried out within a business day from the effectuation of the first transaction by the same client or beneficial owner, related to the same financial activity;
15. “Programme” shall mean an act of the subject which establishes the rules, procedures and instructions on application of measures and activities for prevention of money laundering and financing terrorism;
16. “Responsible person” shall mean the legal representative of the entity;
17. “Authorised person” shall mean a manager, appointed by the subject’s highest management body, who is responsible for the implementation of the programme and establishing direct contacts with the Office for Prevention of Money Laundering and Financing Terrorism;
18. “Shell Bank” shall mean a financial institution which has no business premises, employees or management bodies in the country where it has been registered, and which is not a member of a banking or other kind of group which is subject to supervision on a consolidated basis;
19. “Transactions” shall mean inbound payments, outgoing payments, money transfers, conclusion of agreements, procurement and sale of goods and services, sale and assignment of founding investments, sale and assignment of stocks and shares, registration of securities and exchange or transfer of securities and exchange or other assets or other activities carried out by the entities in accordance with the legal authorisations, which are used to transfer money or assets in a single transaction or within the scope of a concluded agreement.

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II. OFFICE FOR MONEY LAUNDERING PREVENTION AND FINANCING TERRORISM

Article 3

(1) An Office for Money Laundering Prevention and Financing Terrorism (hereinafter referred to as: the Office) shall be established for collecting, processing, analysing, keeping and providing data obtained from the entities which are bound to undertake measures and actions for detection and prevention of money laundering and financing terrorism, as a body within the Ministry of Finance in the capacity of a legal person

(2) The Office shall have the following competences:
- to seek, collect, process, analyse, keep and provide data obtained from the entities on the basis of this Law,
- to collect financial, administrative and other data and information necessary for the performance of its competences,
- to prepare and submit reports supported with its opinion to the competent state authorities, whenever there are grounds for suspicion of commitment of the crime of money laundering or financing terrorism,

- to notify the competent state authorities of the existence of grounds for suspicion of commitment of any other crime,
- to issue a written order to the entity whereby the transaction is temporarily postponed,
- to lodge a request for submitting a proposal for determining temporary measures to the competent public prosecutor,
-submits order for monitoring of the business relation to the entity;
- to submit a request for instigation of a misdemeanour procedure to the competent court,
- to co-operate with the entities referred to in Article 5 of this Law, the Ministry of Internal Affairs, the Financial Police, the Public Prosecutor's Office, the Customs Administration, the Public Revenue Office, the State Foreign Exchange Inspectorate, the Securities and Exchange Commission of the Republic of Macedonia, the National Bank of the Republic of Macedonia, the Agency for Supervision of Fully Funded Pension Insurance, the Agency for Insurance Supervision, the State Commission for Prevention of Corruption and other state authorities and institutions, as well as with other organisations, institutions and international bodies for fight against money laundering and financing terrorism,
- to conclude agreements for co-operation and data and information exchange with authorised bodies from third countries and international organisations dealing with the fight against money laundering and financing terrorism,
- to supervise the entities in their application of the measures and actions stipulated by this Law,
- to raise initiatives or provide opinions on laws and bylaws relating to the prevention and detection of money laundering and financing terrorism;
- to assist and participate in the professional development of the authorised persons and personnel of the Department for Prevention of Money Laundering and Financing Terrorism in relation to the entities referred to in Article 5 of this Law;
- to determine lists of risk analysis indicators and for detecting suspicious transactions in co-operation with the entities and authorities performing supervision over their operation,
- to plan and provide training for the development and qualification of the employees of the Office,
- to provide clarification in the application of the regulations for the prevention of money laundering and financing terrorism,
- and to perform other activities determined by this Law.

(3) The Office shall perform the matters within its competence, in accordance with Law, the ratified international agreements regulating the prevention of money laundering or financing terrorism.

(4)The Office shall perform the supervision works in the accordance with the regulation for inspection supervision, if not otherwise stipulated by this Law.

(5) The personal data collected for the purposes of this Law shall be used according to the Law and the regulation for personal data protection.

(6) Once annually, the Office shall prepare a report on the activities within the scope of its competence with a plan for operation for the following year and shall submit it to the Minister for Finance and to the Government of the Republic of Macedonia. The Office may also file another report upon request of the Minister for Finance or the Government of the Republic of Macedonia.

(7) The assets for funding the Office shall be provided from the Budget of the Republic of Macedonia.

Article 3-a

(1) The Office is an authority of the state administration under the composition of the Ministry of Finance, in the capacity as a legally entity.

(2) The Office shall implement its competences on the entire territory of the Republic of Macedonia.

(3) The seat of the Office is in Skopje.

Article 4

(1)The work of the Office shall be managed by a Director appointed and discharged by the Government of the Republic of Macedonia upon proposal of the Minister for Finance, for a term of four years.

(2)The Director shall be appointed on the basis of his/her professionalism and competence.

(3)The mandate of the Director shall cease:

-upon expiry of four years from the day of his/her appointment;

-in case of death;

-in case of his/her resignation;

-in case of dismissal;

-in cases of being sentenced with an effective verdict for a criminal act to imprisonment for a duration of at least six months;

-when the court has pronounced a security measure prohibition to perform the activity of a managerial official in the institution, and

-in case of professional incapacity.

(4)The Director may be dismissed, due to:

- illegal operation;
- incompetent or negligent performance of the duty of Director and lack of positive results in the operation of the Office ,
- in case of protracted serious illness which prevents him/her from performing his/her obligations, and
- upon his/her request.

(5) The Director shall manage and represent the office, organise and ensure lawful, efficient and professional performance of the work of the Office, make decisions, adopt orders and internal directives, instructions, plans and programmes, issue warnings with recommendations, as well as deciding on the rights, obligations and responsibilities of the employees of the Office who do not have the status of civil servants and shall perform other matters stipulated by Law.

(6) The Director may authorise a managing civil servant in case of his/her absence or unavailability to sign acts referred to in paragraph (5) of this Article.

Article 4-a

(1) The employees of the Office shall have an official identification card.

(2) The form, contents, manner of issuance, withdrawal and use of the official identification card, at the proposal of the Director, shall be prescribed by the Minister of Finance.

III. ENTITIES

Article 5

Entities shall be the persons who have the obligation of undertaking measures and actions for prevention and detection of money laundering and financing terrorism provided for in this Law (hereinafter referred to as: entities), such as the following:

1. Financial institutions and subsidiaries, branch offices and business units of foreign financial institutions performing actions in the Republic of Macedonia in accordance with the regulations;
2. Legal and natural persons performing the following activities:
   a) trade in real estate,
   b) audit and accounting services;

c) notary public, attorney and other legal services relating to: sale and purchase of movables, real estate, partner parts or shares, trading in and management with money and securities, opening and managing bank accounts, safe-deposit boxes and financial products, establishing or taking part in the management or operation of the legal entities, representing clients in financial transactions etc.,
d) providing advices in the area of taxes;
e) providing consulting services and
f) providing services of investment advisor.

3. Companies organising games of chance in a gambling room (casino);
4. Associations of citizens and foundations (domestic and foreign);
5. Service providers to legal persons;
6. Central Securities Depositary;
7. Legal entities taking movables and real estate in pledge;
8. Agency for Real Estate Cadastre and
9. Legal entities whose activity is sale and purchase of vehicles.

IV. MEASURES AND ACTIONS FOR DETECTION AND PREVENTION OF MONEY LAUNDERING AND FINANCING TERRORISM

Article 6

Measures and actions for detection and prevention of money laundering and financing terrorism (hereinafter referred to as: measures and actions), undertaken by the entities shall be the following:

- client due diligence;
- monitoring of certain transactions;
-collecting, keeping and submitting data on transactions and clients performing them, and
-introduction and application of programmes.

Article 7

(1) The responsibility to undertake the measures and actions provided for by this Law shall remain even in cases when the entities are in procedure of bankruptcy and liquidation.

(2) The responsibility referred to in paragraph 1 of this Article shall be carried out by the trustee until the completion of the bankruptcy procedure, i.e. liquidator until the completion of the liquidation procedure.

Client Due Diligence

Article 8

The entities shall be bound to apply client due diligence procedures in the following cases:

a) when establishing a business relationship;
b) when carrying out one or several linked transactions amounting to EUR 15,000 in denar counter-value;
c) when there is suspicion of money laundering or financing terrorism, regardless of any exception or amount of funds; and
d) when there is doubt about the veracity or adequacy of the previously obtained client identification data.

Article 9

(1)The customer due diligence procedure referred to in Article 8 of this Law shall include:

a) identification of the client and verification of his/her identity;
b) identification of the principal and verification of his/her identity and identification of the beneficial owner, his/her ownership and management structure and verification of his/her identity;
c) obtaining information on the purpose and intention of the business relationship and
d) conducting ongoing monitoring on the business relationship."

(2) The entities shall apply each of the measures provided for in paragraph 1 of this Article, but they may determine the extent of such measures depending on the client's risk assessment, the business relationship, the product or the transaction.

(3) The entities shall perform the risk analysis on the basis of the internal risk analysis procedures which are an integral part of the programme, as well as on the basis of the indicators prepared by the Office in co-operation with the entities and the supervisory bodies, which according to their contents are suitable for the needs of the entity.

(4) The entities shall be bound to make available to the Office and the supervisory authorities the risk assessment documents referred to in paragraph 2 of this Article in order to demonstrate that the extent of the undertaken measures is appropriate in view of the determined risks of money laundering and financing terrorism.

Identification and verification of the identity of the client

Article 10

(1)When the client is a natural person, he/she shall be identified and his/her identity verified by submitting an original and valid document, personal identification card or passport or a copy of a personal identification card or passport certified by a notary public.

(2)When the client is a foreign natural person, he/she shall be identified and his/her identity confirmed on the basis of the data specified in his her original valid identification document, personal identification card or passport or a copy of the valid identification document certified by a notary public or authorised institution in his domicile country.

(3)The document referred to in paragraphs (1) and (2) of this Article shall be used to determine the name, surname, date and place of birth, place and address of living and residence, the unique registration number or identification number and number of the ID card or passport, the issuing authority and the date of validity of the ID card or passport.

(4)If any of the data referred to in paragraph (3) of this Article cannot be determined from the identification document, personal ID card or passport, original or copy of the identification document certified by a notary public or the competent institution in the domicile country, the entity may request another public document or certified statement from the client on the demanded data and its accurateness.

(5)When the client is a domestic legal identity, it shall be identified and its identity verified with the submission of an original or a certified transcript by a notary public for registration at the central register.

(6)The name, registered office, tax number of the legal entity, the founder/s and the legal representative shall be determined from the document referred to in paragraph (5) of this Article.

(7)When the client is a foreign legal entity, it shall be identified and its identity verified with an original document for registration issued by a competent authority, or a copy certified by a notary public or competent institution of the domicile country.

(8)In cases when the entity referred to in paragraph (7) of this Article is not subject to registration by a competent authority for registration, the determination of the identity shall be made by providing an original or a copy certified by a notary public or competent institution of the domicile country of a document on its establishment adopted by the management body or entry of the name, i.e. the title, address or seat and activity.

(9)The management body or representatives of the client referred to in paragraph (5) and (7) of this Article authorised to enter into business relationships with **a client** shall present the

documents referred to in paragraphs (1), (2) and (5) of this Article, as well as the documents confirming the identity and address of the authoriser or the beneficial owner.

(10)The entities shall obligatorily keep copies of the documents referred to in paragraphs (1), (2), (5), (7), (8) and (9).

(11)On the basis of internal acts, the entities may also request other data required for the identification and verification of the identity of the client or the beneficial owner.

Identification and verification of the identity of the beneficial owner

Article 11

(1)The entity shall be obligated to verify the identity the beneficial owner and on the basis of risk analysis, to verify his/her identity in accordance with Article 10 of this Law.

(2)When the entity cannot identify the beneficial owner according to paragraph 1 of this Article, it shall take a statement from the client, and it shall verify the identity on the basis of data from independent and reliable sources.

Identification and verification of the identity of the principal

Article 12

(1)If the transaction is carried out in the name of and on the behalf of a third party, the entities, in the cases when the law stipulates such an obligation, shall be bound to establish and verify the identity of the person performing such a transaction (proxy), the holder of the rights, the client acts (the principal) and the authorization.

(2) If it is not certain whether the client acts on his/her own behalf and account or on behalf and for the account of a third party, the entity shall be bound to request information from the client for determining the identity of the holder of rights (the principal) and the power of attorney i.e. the certified contract between the principal and the proxy.

Verification of the identity of the client, beneficial owner and the principal

Article 12-a

(1) The entity shall be obliged to verify the identity of the client, beneficial owner or the principal, before establishing business relationships and before performing the transaction for the client with whom the entity has not establishes business relations.

(2) By way of derogation from paragraph (1) of this Article, the entities may verify the identity of the client, beneficial owner or principal during the establishment of a business relationship, so as not to interrupt the normal conduct of the business relations and when there is lesser risk of money laundering and financing terrorism.

(3) By way of derogation from paragraphs (1) and (2) of this Article, in relation to activities of life insurance, the verification of the identity of the client and the beneficial owner under the policy shall be allowed to take place once the business relationship has been established. In that case, verification of the identity shall take place before or at the time of payment of the policy or before or at the time when the beneficiary intends to exercise the rights vested under the policy.

(4) In the carrying out of activities related to life insurance, the insurance companies shall be bound to identify and verify the identity of the client in the cases when the amount of the single or several instalments of the premium to be paid within a period of one year exceeds 1.000 Euros in denar counter-value according to the mean rate of exchange of the National Bank of the Republic of Macedonia or when the payment of the single premium exceeds the amount of 2.500 Euros in denar counter-value according to the mean rate of exchange of the National Bank of the Republic of Macedonia.

Ongoing monitoring on the business relationship

Article 12-b

(1) The entities shall be obliged to monitor the transactions performed within the framework of the business relationship with the client, with a view to confirming that those transactions are carried out according to the purpose and intention of the business relationship, the risk profile of the client, the client's financial situation and if necessary the client's financing sources.

(2) The entities shall be obligated to regularly update the documents and the data about the client, collected during the implementation of the activities referred to in Article 9 paragraph (1) items a), b) and c) of this Law.

Article 12-c

(1) The entities shall be obligated to focus special attention to complex, unusually large transactions or transactions performed in an unusual way, which have no obvious economic justifiability or evident legal purpose.

(2) The entities shall be obligated to focus special attention to the business relations and transactions with natural persons or legal entities from countries that have not implemented or

have insufficiently implemented measures for the prevention of money laundering and financing terrorism, at least within the scope and manner stipulated in this Law.

(3) The Minister of Finance, upon the proposal of the Office, shall determine the list of countries referred to in paragraph (2) of this Article.

(4) The entities shall be obligated to focus special attention to threats from money laundering and financing terrorism arising from the use of new technologies or developing technologies and to prevent them from being used for money laundering or financing terrorism.

(5) The entities shall be obligated to perform due diligence on the entity and the intention of the transactions referred to in paragraphs (1) and (2) of this Article and to prepare a written report on the performed analysis.

Article 12-d

(1) Financial institutions shall be bound to provide data on the instructing party including: name and surname, i.e. name of the instructing party, address and account number upon the payment of an amount exceeding EUR 1000 in denar counter value according to the median exchange rate of the National Bank of the Republic of Macedonia on the day of the payment for the purposes of cashless transfer through the international payment operations. If the data on the address is missing or cannot be determined, the financial institution may replace it with: the date and place of birth or the personal identification number of the client or identification, i.e. referent number of the client.

"(2) Financial institutions shall be bound to provide data from paragraph 1 of this Article upon the payment of an amount exceeding EUR 1000 in denar counter value according to the median exchange rate of the National Bank of the Republic of Macedonia on the day of the payment for the purposes of cashless transfer through the domestic payment operations. If due to technical reasons, the provided data cannot be forwarded, only the data in the account number or the unique identification number shall be forwarded.

(3) On the request of the financial institution which should made the payment, or the competent authorities, the financial institutions from paragraph 2 of this Article shall be bound to make them available three working days at the latest starting from the delivery of the request.

(4) On the day of the transfer in the international payment operations the financial institutions occurring as mediators in the cashless transfer for the amounts exceeding EUR 1000 in denar counter value according to the median exchange rate of the National Bank of the Republic of Macedonia are bound to forward the data on the instructing party from paragraph (1) of this Article to the financial institution which will perform the payment of the transfer.

(5) Upon payments of cashless transfers in the amount exceeding EUR 1000 in denar counter value according to the median exchange rate of the Republic of Macedonia on the day of the payment, the financial institutions shall be bound to determine the manner by which they will determine whether part of the data from paragraph (1), (2) and (4) of this Article are missing, as well as the manner of proceeding with such transfers within the frames of their internal acts. The entities should demand the missing data or refuse the performance of the transfer.

(6) The financial institutions from paragraph (5) of this Article can limit or stop the business relation with the financial institutions which cannot provide, i.e. forward the data provided for in paragraphs (1), (2) and (4) of this Article.

(7) The provisions from this Article shall not refer to the following types of transfers:

- use of cards for withdrawal of money from the bank account or by post terminals and payment in the retail trade and
- transfers and settlements at which instructing party, as well as the beneficial owner are banks which perform the transfer on their behalf and on their account.

Simplified Client Due Diligence

Article 13

(1) The entities shall not be bound to meet the requirements for client due diligence referred to in Article 8 paragraph (1) items a, b and d, and in Article 9, **10** and Article 11 of this Law, when the client is a bank:

- in the Republic of Macedonia which is licensed to establish and operate by the Governor of the National Bank and has established adequate measures for prevention of money laundering and financing terrorism;

- from a European Union Member State which is established and operates in accordance with the EU legal regulations, and

- from third countries where the regulations provide for at least identical requirements for taking measures for prevention of money laundering and financing terrorism as the requirements stipulated by this Law.

(2) The Minister for Finance shall determine the list of countries which meet the requirements for prevention of money laundering and financing terrorism referred to in paragraph (1) line 3 of this Article.

(3) The entities shall be bound to provide suitable documentation based on which it can be confirmed that simplified client due diligence referred to in paragraph (1) of this Article can be applied, as well to make these documents available to the Office and the supervisory authorities.

(4) The entities shall not be bound to meet the requirements for client due diligence referred to in Article 8 paragraph (1) items a, b and d, and in Article 9 and Article 11 of this Law, in respect of:

(a) life insurance policies where the annual premium is no more than EUR 1,000 in denar counter-value or the single premium is no more than EUR 2,500 in denar counter-value, and

(b) insurance policies for pension schemes if there is no transfer clause and the policy cannot be used as collateral.

Enhanced Client Due Diligence

Article 14

(1) Where there is higher risk of money laundering or financing terrorism established on a risk assessment basis, the entities should apply enhanced client due diligence in addition to the measures referred to in Articles 8, 9**,** 10 **and 11** of this Law, and in particular in the cases referred to in paragraphs (2), (3), and (4) of this Article.

(2) Where the client is not physically present for identification purposes, the entities should take one or several of the following measures:

a) determining the client's identity by additional documents, data or information;

b)additional measures confirming the supplied documents or requiring for the documents to be verified by another financial institution of the Republic of Macedonia, an EU Member State or a country where the regulations provide for at least identical criteria and standards for prevention of money laundering and financing terrorism as the requirements provided for by this Law and

c) ensuring that the first payment is carried out through an account of the client in a bank in the Republic of Macedonia.

(3) Where banks establish correspondent banking relations with banks for which a simplified due diligence is not permitted pursuant to Article 13 of this Law, they are bound to:

a) gather sufficient information about the respondent bank to determine fully the nature of its business and to determine its reputation and the quality of supervision;

b) gather information and on the basis thereof assess the system for protection against money laundering and financing terrorism;

c) obtain approval from the management board for establishing a new correspondent banking relation;

d) precisely prescribe the mutual rights and obligations, and

e) to ensure that the correspondent bank carries out the activities referred to in Article 9 paragraph (1) items a), b) and c) of this Law on persons who have direct access to its correspondent accounts in the banks in the Republic of Macedonia, at least within the scope and the manner stipulated by this Law, as well as establish whether the correspondent bank is prepared to provide the data for identification and verification of identification of the client, and to deliver them to the bank on its request.

(4)When the entities perform transactions or enter into a business relationship with holders of public functions, they shall be required to:

a) based on previously determined procedure for risk evaluation to determine whether the client is holder of public function or if this is not possible to provide client's statement.

b) to provide an approval for establishing business relation with the client, which has been issued by entity's management structures, as well as to provide a decision for extension of the business relation with the existing client who became holder of public function, made by entity's management structures;

c) to undertake appropriate measures in order to determine the source of client's funds which is holder of public function;

d) to perform intensive monitoring of the business relation with the client holder of public function.

Refusal to Perform or Postponing a Transaction

Article 15

(1) In the cases when the entity can perform the activities from Article 9 paragraph (1) items a), b) and c) of this Law, the entity shall be bound to refuse the execution of the transaction or business or other relation or legal matter, or if the transaction is in progress, to postpone it and immediately notify in writing the Office on the postponement, i.e. on the refusal to execute the transaction.

(2) With the notification referred to in paragraph (1) of this Article, the entity shall submit to the Office data on the type of transaction, business or other relation or legal matter and all other available data and facts for the purpose of identification of the client, i.e. the transaction.

(3) Postponing the transaction can last until the client, i.e. the transaction, is identified, or until measures have been provided for a suspicious transaction, referred to in Articles 36, 37, 38 and 39 of this Law.

Article 16

(1) Where there are grounds to suspect that the transaction, the client or the beneficial owner are related to money laundering, besides activities from Article 9 paragraph (1) item a) and b), the entity should, where applicable, request information on the course of the transaction, its purpose, the final destination of the money, and information on all participants in the transaction.

(2) Where the entity has discovered the grounds for suspicion referred to in paragraph (1) of this Article before carrying out the transaction he/she shall immediately inform the Office thereof and postpone the transaction for 2 hours at most after notifying the Office .

(3) Where the entity has discovered the grounds for suspicion referred to in paragraph (1) of this Article in the course of carrying-out the transaction he/she shall immediately inform the Office thereof and postpone the transaction for 4 hours at most after notifying the Office.

(4) Where the entity has discovered the grounds for suspicion referred to in paragraph (1) of this Article after carrying-out the transaction he/she shall inform the Office within 24 hours at most.

(5) If the Office does not inform the entity of the further activities within the time limits set out in paragraphs (2) and (3) of this Article, the entity shall carry out the transaction.

(6) Within the time limits referred to in paragraphs (2), (3) and (4) of this Article, the entity shall submit a written report to the Office containing all relevant information in relation to the transaction and the identity of the clients and the other participants in the transaction.

Article 17

(1) Where there are grounds to suspect the transaction or the client are related to terrorist activity or that the money or assets which are subject to the transaction are intended for financing terrorism, besides activities from Article 9 paragraph (1) item a) and b), the entity should, where applicable, require information on the course of the transaction, its purpose, the final destination of the money, and information on all participants in the transaction.

(2) The entity shall inform the Office before carrying-out the transaction in the cases referred to in paragraph (1) of this Article, and submit a written report to the Office containing all relevant information in relation to the transaction and the identity of the clients and the other participants in the transaction within 24 hours after detecting suspicion of the transaction.

Article 18

(1) The entity shall determine the grounds for suspicion referred to in Articles 16 and 17 of this Law on the basis of direct facts, the lists of indicators for identifying suspicious transactions set out by the Office, the entities and the supervision authorities and international list of terrorist and terrorist organisations.

(2) The Office shall have the responsibility to annually update the lists of indicators referred to in paragraph (1) of this Article.

Customs Office

Article 19

(1) The Customs Office shall compulsory register each import and export of cash or securities across the customs line of the Republic of Macedonia, if the amount of cash or securities of the bearer exceeds the allowed maximum stipulated by law or another regulation.

(2) During the registering referred to in paragraph (1) of this Article, the Customs Office shall compulsory collect information regarding:

- the identity of the person which on their own behalf or on behalf of another party imports or exports cash or securities of the bearer, including information on the name and surname, date and place of birth, number of travel document and nationality;
- the identity of the owner of cash or securities;
- the identity of the beneficiary owner;
- the amount and currency of the cash or securities of the bearer which is imported or exported across the customs line, and;
- the statement on the origin of the cash or securities signed by the person importing or exporting cash or securities of the bearer;
- the purpose for importing or exporting the cash or securities of the bearer, and
- the place and time of crossing the customs line.

(3) The Customs Office shall compulsory report to the Office in electronic manner or by telecommunication means (telephone, fax), and where this is not possible, by other means in writing, the importing or exporting of cash or securities of the bearer exceeding EUR 10,000 in denar counter value, within three working days from the recording at the latest.

(4) The Customs Office shall compulsory report to the Office the importing or exporting of cash or securities of the bearer regardless of the amount, whenever there are grounds to suspect money laundering or financing terrorism, within 24 hours after detecting suspicion of the importing or exporting of cash or securities.

Exchange Operations

Article 20

(1) Entities which, within the frames of their vocation or profession perform exchange operations, in addition to the other measures stipulated by this Law, shall be bound to determine the identity of the client in accordance with Article 10 of this Law prior to each transaction exceeding the amount of EUR 500 in denar counter-value.

(2) The entities referred to in paragraph (1) of this Article shall be bound to record all data referred to in Article 10 of this Law in chronological order in a numbered register signed by the authorised person or person with authorisation to sign the register awarded by managing person in accordance with the acts of the entities.

(3) The form and the content of the numbered register from paragraph (2) of this Article shall be determined by the Minister for Finance on a proposal of the Office.

Providers of Fast Money Transfer

Article 21

(1) Entities which, within the frames of their vocation or profession perform fast money transfer, in addition to the other measures prescribed by this Law, shall be bound to determine the identity of the client, the sender i.e. beneficial owner prior to each transaction exceeding the amount of EUR 1000 in accordance with Articles 10 and 12-d.

(2) The entities referred to in paragraph (1) of this Article of this Law shall be bound to record all data determined in Article 10 of this Law in chronological order in a numbered register signed by the authorised person or other person with authorisation to sign the register awarded by managing person in accordance with the acts of the entities.

(3) The form and the content of the numbered register from paragraph (2) of this Article shall be determined by the Minister for Finance on a proposal of the Office.

Organisers of Games of Chance in Gambling Room (Casino)

Article 22

(1) The organisers of games of chance in a gambling room (casino), in addition to the other measures prescribed by this Law, shall be bound to identify the client in accordance with Article 10 of this Law immediately after entering the casino and upon buying or paying the chips in amount exceeding 2.000 Euros in denar counter-value according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of the buying, i.e. payment.

(2) The data referred to in paragraph (1) of this Article shall be kept in a numbered register signed by the **authorised** person for the organisers of games of chance in a gambling room (casino).

(3) The form and the content of the numbered register from paragraph (2) of this Article shall be determined by the Minister for Finance on a proposal of the Office.

Brokerage firms and banks licensed to operate with securities

Article 23

(1) Brokerage firms and banks licensed to operate with securities, in addition to the other measures prescribed by this Law, shall be bound to identify the client, the principal and the beneficial owner of the trading in securities in the total amount exceeding EUR 15,000 in denar counter-value.

(2) Brokerage firms and banks licensed to operate with securities from paragraph (1), shall be bound to keep them in a numerated register signed by a responsible person or another person with the authorisation to sign the register awarded by managing person in accordance with the acts of the brokerage firms and banks licensed to operate with securities.

(3) The form and the content of the numbered register from paragraph (2) of this Article shall be determined by the Minister for Finance on a proposal of the Office.

Prohibitions

Article 24

(1) Carrying-out cash payments i.e. payment or receipt of cash in an amount of EUR 15,000 or more in denar counter-value in the form of one or several linked transactions which has not been made through a bank **or savings house** shall be prohibited.

(2) Entities empowered by law to register securities, other assets and legal matters, to register or perform transfer of money, securities and other assets, may perform such registration or transfer only if the client provides evidence that the transfer of money exceeding the amount referred to in paragraph (1) of this Article has been made through a bank.

Article 25

(1)The financial institutions shall be prohibited to enter into or continue a business relation with shell banks or to start or continue a correspondent business relation with a bank known to allow opening and working with shell banks accounts.

(2)The performance of financial activities by shell banks in any manner is prohibited in the Republic of Macedonia.

Article 26

The banks shall be prohibited to open and keep anonymous accounts.

Article 26-a

(1) The financial institutions having their own subsidiaries **or** branches in abroad should provide application of the measures for prevention of money laundering and financing terrorism in the subsidiaries, and branches.

(2) When the laws of the country where the subsidiaries **or** branches from paragraph (1) of this Article have their main office do not allow application of the measures from paragraph (1) of this Article, the financial institutions should immediately inform the appropriate supervision authority, in accordance with Article 46 of this Law.

Recordkeeping

Article 27

(1) The entities shall be bound to keep the copies of the documents confirming the identity of the client or the beneficial owner, for the performed procedures for analysis of the client or the beneficial owner and realized transactions or the transactions being performed, from the client file and the business correspondence, at least ten years after the performed transaction starting from the last transaction when several transactions constitute one whole.

(2) The entities shall be bound to keep copies from the performed analysis in accordance with Article 12-c paragraph (5) of this Law, at least 10 years from the last transaction.

(3) The entities shall be bound to keep the information, in the manner of their submission to the Office, for at least ten years from the day of submission.

(4) The information on the client who has entered into a long-term business relationship, within the meaning of this Law, shall be kept for at least ten years from the date of the end of the business relation.

(5) The Customs Office shall be bound to keep all data on the import and export of cash or securities across the customs line for at least ten years from the date of the carried out transfer.

(6) The register referred to in Articles 20, 21, 22 and 23 of this Law shall compulsory be kept for at least ten years from the last registered data.

(7) In case of termination of the existence of the entity, the obligation for keeping the data within the time frame set out in paragraph (1) of this Article shall be transferred to the legal successors of the entity.

(8) If there are no legal successors of the legal person, the obligation for keeping the data referred to in paragraph (1) of this Article shall be transferred to its founders.

(9) The entities shall be bound make available the documents from paragraph (1) of this Article on a request of the Office or the surveillance bodies from Articles 46 and 47 of this Law.

Confidentiality of Data

Article 28

(1) The data provided on the basis of this Law shall be confidential and may be used only for the detection and prevention of money laundering and financing terrorism.

(2) Submission of the data referred to in paragraph (1) of this Article to the Office, the supervisory authorities and the law enforcement authorities shall not be considered as disclosing a business secret.

(3) The entities, persons managing with entities and their employees cannot inform the client or a third party on the submission of the data to the Office or on other measures or actions undertaken on the basis of this Law.

(4) The prohibition referred to in paragraph (3) of this Article shall refer to the submission of data to the supervisory authorities and the law enforcement authorities.

(5) The employees in the entities and persons managing with entities who have the responsibility to undertake measures and actions for the purpose of detecting and preventing money laundering, pursuant to this Law, cannot use personal data from the clients' files for any other purpose except for performing actions of detection and prevention of money laundering and financing terrorism.

V. SUBMISSION OF DATA TO THE OFFICE

Article 29

(1)The entities shall be bound to submit to the Office the data collected, the information and the documents to the Office in the following cases:

(a) when there is suspicion or there are grounds for suspicion that money laundering or financing terrorism has been performed or an attempt has been made or is being made for money laundering or financing terrorism,

(b) in case of cash transaction in the amount of EUR 15,000 in denar counter-value or more,

(c) in case of several connected cash transactions in the amount of EUR 15,000 in denar counter-value or more.

. (2) The entities shall be bound to immediately inform the Office on the suspicion referred to in paragraph (1) item a) of this Article, and submit the data, information and documents to the Office within 24 hours from the notification of the Office at the latest in the form of a report.

(3) If the submitted data are insufficient after the assessment of the Office, it may require additional information and documentation from the entities. If the Office immediately requires additional information, the entities shall be bound to inform it immediately within 4 hours and submit the required data in a manner determined in Article 31 of this Law.

(4) The entities shall be bound to inform in written form the competent supervision authority referred to in Articles 46 and 47 of this Law on the submission of the report referred to in paragraph (2) of this Article to the Office within three days from the submission of the report

(5) The entities shall be bound to submit the data collected, the information and the documents regarding the transactions carried out referred to in paragraph (1) items b) and c) of this Article to the Office within 3 working days from the carried out transaction at the latest, in the form of a report.

Article 29-a

(1) The notaries shall submit to the Office the data collected for composed notary acts, confirmed private documents and verified signed contracts for obtaining property in amount of 15.000 Euros or more, in denar counter-value according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of the composition of the notary acts, confirmation of the private document and verification of signatures stated in the contract in electronic form at the end of the day.

(2) The banks shall submit to the Office the data collected for the **settled** loans in amount of 15.000 Euros or more, in denar counter value according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of the approval of the loan, in electronic form at the end of the month.

(3) The insurance companies shall submit to the Office the data collected for the concluded policies in amount of 15.000 Euros or more, in denar counter value according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of the conclusion of the insurance policy, in electronic form at the end of the day.

(4) Legal and natural persons whose business activity is buying and selling of vehicles shall be bound to submit to the Office the data collected for the concluded contracts on buying and selling of new vehicles in amount of 15.000 Euros or more, in denar counter-value according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of the conclusion of the contract, in written form at the end of the day.

(5) The Minister for Finance shall prescribe the content and the form of the data from paragraphs (1), (2), (3) and (4) of this Article, as well as the way of electronic submission to the Office on a proposal of the Office.

Article 30

Deleted.

Article 31

(1) The reports regarding the transactions referred to in Article 29 of this Law shall be submitted to the Office in electronic form or via telecommunication means (telephone, fax), and in case this is not possible, in other written forms.

(2) The reports submitted via telephone must be confirmed with a fax, electronic or other written document within three days following their submission at the latest.

(3) The Office may not reveal the identity of the employee in the entity submitting the report, except in the cases of suspicion that the employee or the entity committed a punishable act money laundering or financing terrorism, upon written request of the competent court where it is necessary to determine facts in the course of a criminal procedure.

(4) The Minister for Finance shall prescribe the contents of the reports referred to in paragraph (1) of this Article.

Notification upon Receipt of Data

Article 32

(1) The Office shall be bound to immediately inform the entity on the receipt of the report from paragraph (1) item a) of Article 29 and at least once a year to inform the entities on the data checks carried out, received on the basis of Article 29 of this Law.

(2) The Office shall be bound to publish regularly on its official web-page information in appropriate volume on the current techniques, methods and trends for money laundering and financing terrorism, examples of detected cases of money laundering and financing terrorism, unified quarterly review of performed controls, quarterly review for performed education and other acts resulting from this Law or from the membership in international bodies and organizations.

(3) The competent state bodies shall be bound to notify the Office on every initiated procedure for criminal act money laundering and financing terrorism.

(4) The Public Prosecutor's Office shall be bound to inform the Office of each submitted criminal report against perpetrators of criminal actions for which imprisonment is determined of at least 4 years and which are suspected to have gained material benefit.

(5) The Public Prosecutor's Office for prosecution of organized crime and corruption shall be bound to inform the Office on each submitted criminal charge, indictment and effective verdict for criminal acts money laundering and financing terrorism every three months.

Article 33

(1) The data and reports which are received, analysed and processed by the Office are confidential and the officers in the Office shall not be allowed to use them for any other purposes, except for those determined by this Law.

(2) The Office shall be to keep all data or reports related to certain transactions, i.e. client, for at least 10 years from their receipt, and following the expiry of this period it may destroy them.

Access and Exchange of Information

Article 34

(1) For the purpose of performing its competences, the Office can request data and documentation from all state bodies, financial institutions or other legal or natural persons.

(2) The state bodies, financial institutions or other legal or natural persons referred to in paragraph (1) of this Article shall be bound to submit the required data to the Office within 10 working days from the date of receipt of the application in electronic manner or via telecommunication means (telephone, fax), and where that is not possible, by other written means. The entities shall be bound to confirm the required information reported by phone by fax, electronically or with other written document

(3) The authorised persons from the banks may exchange data and information among themselves for the purpose of preventing money laundering and financing terrorism on the basis of a multilateral cooperation protocol signed between the banks, and prepared by Banking Association.

(4) The Office may exchange information with the competent authorities for carrying out investigation of money laundering or financing terrorism and the supervisory bodies, for the prevention of money laundering and financing terrorism.

Article 34-a

(1) For the purposes of more detailed organization of the interinstitutional cooperation the Office may sign Memorandum and Protocols for Cooperation with the competent state authority bodies.

(2) For the promotion of the interinstitutional cooperation and in accordance with the purposes of this Law, the Government of the Republic of Macedonia shall for Council for Fight against Money Laundering (hereinafter referred to as: Council) on a proposal of the Minister for Finance.

(3) The work of the Council from paragraph (2) of this Article shall be managed by the director of the Office, and its members are managing and responsible persons from the Ministry of Interior, Ministry of Justice, Ministry of Finance, Basic Public Prosecutor's Office for Prosecuting Organized Crime and Corruption, Financial Police Office, Customs Administration, Public Revenue Office, National Bank of the Republic of Macedonia, Insurance Supervision Agency, Agency for Supervision of Fully Funded Pension Insurance, Postal Agency, as well as representatives of the Bar Association and Notary Chamber.

Article 35

(1) Whenever there are grounds to suspect a committed criminal act money laundering or financing terrorism, the Office shall immediately prepare and submit a report to the competent state authorities which make decisions for any further actions.

(2) The report referred to in paragraph (1) of this Article shall contain data on the person and actions suspected to be connected with money laundering or financing terrorism.

(3) In case of grounds for a suspicion for performed other criminal act besides money laundering and financing terrorism, the Office shall prepare and submit written notification to the competent state administrative bodies.

Order for Monitoring of Business Relation

Article 35-a

(1)When there is a doubt for money laundering or financing terrorism, the Office may submit an order in written form for monitoring of client's business relation to the client.

(2) The entity shall inform the Office on the transactions which are performed or should be performed within the frames of the business relation in accordance with the directions given in the order.

(3) In the order from paragraph 1 of this Article, the Office shall determine the terms in which the entity shall be obliged to deliver the transaction data from paragraph 2 of this Article.

(4) If the entitycannot inform the Office within the terms from paragraph 3 of this Article due to objective reasons, it shall be bound to inform the Office and to explain the reason due to which it did not delivered the notification in the given term immediately after the elimination of the conditions.

(5) The monitoring of the business relation from paragraph 1 of this Article may last three months at the longest and in legitimate cases the duration of the measure may be prolonged by one month, with which the monitoring of the business relation may last longer than six months.

Provisional Measures

Article 36

(1) In case of suspicion of criminal act money laundering or financing terrorism, the Office may submit an application to the competent public prosecutor for submitting proposal for determining provisional measures.

(2) The Office shall submit a written order to the entity for temporary postponement of the transaction.

(3) Postponement of the transaction shall last until a court decision is adopted upon the proposal, within 72 hours from the postponement of the transaction at the latest.

Article 37

The request to submit a proposal for imposing provisional measures for postponing the transaction and seizure of money or assets referred to in Article 36 of this Law, shall contain data on the criminal act for which the provisional measure is required, the facts and circumstances justifying the need for achieving the goals for prevention or detection of serious crimes, data on the natural or legal person carrying out the transaction and data on the entity where the transaction is carried out and the money or assets which the Office knows of or has grounds to suspect that are property benefit or subject to money laundering and financing terrorism.

Article 38

(1) The competent public prosecutor shall consider the request to submit a proposal for imposing provisional measures referred to in Article 36 paragraph (1) of this Law and if he/she finds it to be reasonable, without any delay, and within 24 hours from the receipt of the request at

the latest, shall submit a proposal for determining provisional measures with the investigative judge of the competent basic court.

(2) If the competent public prosecutor finds that the request to submit a proposal for determining provisional measures referred to in paragraph (1) of Article 36 of this Law is groundless, he/she shall be bound to notify the Office, without delay, that the request has been rejected. Upon the receipt of the notification from the public prosecutor, the Office shall inform the entity, without delay, that the transaction may continue.

Article 39

(1) The investigative judge of the competent basic court shall be bound to adopt a decision, within 24 hours from the receipt of the proposal referred to in Article 38 paragraph (1) of this Law, on the application of the provisional measure for termination of the transaction and temporary seizure of money and assets or for rejection of the proposal of the public prosecutor to submit the decision to the competent public prosecutor, the entity or the client.

(2) If provisional measures have been applied with the decision within the same period, the investigative judge shall be bound to submit the decision to the entity or the client.

(3) The competent public prosecutor shall be bound to immediately inform the Office of the decision adopted by the investigative judge referred to in paragraph (1) of this Article.

(4) The competent public prosecutor and the client shall have the right to appeal against the decision of the investigative judge referred to in paragraph (1) of this Article, with the Criminal Council of the competent basic court within three days from the receipt of the decision, which does not delay the execution of the decision.

Programmes

Article 40

(1) The entities are obliged to prepare programmes from Article 6 indent 4 from this Law, which contain and provide the following:

- procedures for accepting clients;
- procedure for due diligence the client;
- procedures for risk analysis and indicators for risk analysis;
- procedures for risk estimation of the holder of public function;
- procedures for recognizing unusual transactions and doubting of money laundering and financing terrorism;
- procedures for keeping data and documents for delivering reports to the Office;
- plan for continuous training of the employees in the entity from the area of preventing money laundering and financing terrorism that provide realization of at least **two** trainings during the year;
- appointing responsible person;
- manner of cooperation with the Office and
- procedure and plan of performing internal control and audit for implementing the measures and actions.

(2) The entities shall be bound to submit the prepared programmes referred to in paragraph (1) of this Article to the Office within one month at the latest from the entry into force of this Law for insight and opinion.

(3) The entities shall be bound to update the programmes at least once a year and within one month from the updating and revision at the latest to submit them for insight to the Office.

(4) The banks shall be obliged to put in use or upgrade the software for automatic data processing according to the Rulebook on characteristics of the software for automatic data processing, adopted by the Minister of Finance, on proposal of the Office.

Department for preventing money laundering and financing terrorism

Article 40-a

(1) In case the entity has more than 50 employees, the same should, within its working, to form separate department that will be responsible for implementing the programme and the provisions of this Law, by informing the Office in written.

(2) The department should have at least 3 employees, and the number of the employees should be increased proportionally per one person for every 200 employees.

(3) The employees from paragraph (2) of this Article should fulfil high professional standards.

(4) A responsible person manages the working of the department from paragraph (1) of this Article.

(5) For efficient working of the responsible person, or the department, the entity is obliged to provide fulfilment of at least the following conditions:

- separation of the activities of the responsible person, or the department, from other business activities of the entity, which are related with the activities of preventing money laundering and financing terrorism and control of the compliance between the working and the regulations;
- right to direct access to the electronic data bases and on-time access to all information needed for continuous implementation of the programme and the provisions of this Law;
- establishing direct communication with the management bodies of the entity and similar.

Article 41

The responsibilities arising from this Law shall not refer to the lawyers in the cases where they perform the function of defending and representing in a court procedure.

Exemption from the Responsibility for Notification and Postponement

Article 42

(1) A procedure for determining the responsibility for disclosing a professional secret against persons or employers and employees within the entities who submitted information or reports with regard to the suspicious money laundering transactions with the Office cannot be initiated.

(2) A procedure for civil or criminal liability cannot be initiated against the official or responsible persons, employers or the employees within the entities having submitted information or reports according to the provisions of this Law, even in the case where the procedure upon the submitted information and reports did not result in determining the liability i.e. an effective ruling.

(3) A procedure for civil or criminal liability cannot be initiated against the official or responsible persons, employers and the employees within the entities due to any tangible or intangible damage that occurred as a consequence of the postponement of the transactions according to the provisions of this Law, unless such postponement has elements of a certain criminal act.

Business Secret

Article 43

The reference to a business secret shall not be accepted as grounds for refusal to submit information according to this Law.

VI. International Cooperation

Article 44

(1) The Office may conclude cooperation agreements with authorised bodies from third countries, as well as with international organisations are included in fight against money laundering and financing terrorism.

(2) The Office may, within the international cooperation, request data and submit the data received pursuant to this Law to the authorised bodies and organisations of third countries, spontaneously or upon their request and under condition of reciprocity, as well as to international organisations dealing in fight against money laundering and financing terrorism.

(3) The request for exchange of data from the bodies and organisations referred to in paragraph (2) of this Article should be clarified with the appropriate known facts indicating money laundering and financing terrorism and the purpose for which the requested data and information will be used.

(4) The Office shall be bound to provide all appropriate data and information upon the received request referred to in paragraph (3) of this Law in accordance with the competences set out in this Law.

(5) The Office may refuse the request for exchange of data referred to in paragraph (2) of this Article if it is contrary to this Law or if it impedes the conduct of the investigation of another competent state authority or the criminal procedure against the person on which data is requested. The Office shall be bound to elaborate the reasons for refusing the request.

(6) The Office shall be bound to use the data and information provided by the authorised bodies from third countries for the purposes laid down with this Law and under the conditions set out by the body that provided them.

(7) The Office may exchange data and information provided by authorised bodies from third countries with the bodies competent to conduct investigations, after obtaining their prior consent.

(8) The data and information provided on the basis of this Article are confidential according to the Law.

(9) The Office may request information from the authorised bodies from third countries on the manner of using the data it provided pursuant to this Article.

Article 45

(1) The provisions of Articles 36, 37, 38 and 39 of this Law will apply where a competent authority for prevention of money laundering and financing terrorism from another country will ask refusal or postponement of a transaction.

(2) The request referred to in paragraph (1) of this Article should be clarified and should refer to the transaction related to money laundering or financing terrorism and the refusal or postponement would be realised if the transaction is subject to a domestic report for a suspicious transaction.

VII. SUPERVISION

Article 46

(1) The supervision of the application of measures and actions laid down in this Law shall be performed by:

- the National Bank of the Republic of Macedonia over banks, savings houses, exchange offices and providers of fast money transfer;
- the Insurance Supervision Agency over insurance companies, insurance brokerage companies, companies for representation in insurance, insurance brokers and insurance agents;

- the Macedonian Securities and Exchange Commission over the brokerage companies, persons providers of investment advisors services and companies for management of investment funds;
- the Agency for Supervision of Fully Funded Pension Insurance over the companies managing with voluntary pension funds;
- the Public Revenue Office over trade companies organising games of chance (casino), as well as other legal and natural persons performing the following services: trade with real estate, audit and accounting services, provision of services in the area of taxes or provision of consulting services, legal entities obtaining movables and real estate in pledge and citizens associations and foundations and
- the Postal Agency over the post office and legal entities performing telegraphic transmissions or delivery of valuable packages.

(2) The Office shall supervise the application of the measures and actions determined by this Law over the entities in cooperation with the bodies referred to in paragraph (1) of this Article and commissions from Article 47 of this Law or independently.

(3) The Office with the bodies from paragraph (1) of this Article and the commissions from Article 47 of this Law shall be bound to mutually inform themselves on the findings of the performed supervision over the implementation of measures and actions determined by this law and if necessary, coordinate the activities during the supervision implementation over the subjects from Article 5 of this Law.

(4) The Office, the bodies from paragraph (1) of this Article and the commissions from Article 47, are obliged to prepare plans for performing supervision for applying measures and actions prescribed within this Law.

(5) The bodies referred to in paragraphs (1) and (2) of this Article may prescribe a manner and procedure for adequate establishment and application of the programmes for prevention of money laundering for the entities they are to supervise.

(6) The bodies from paragraph (1) of this Article and the commissions from Article 47 of this Law, if during performing supervision determine suspicion for money laundering or financing terrorism, as well as violation of the provisions of this Law, must inform the Office immediately.

Article 46-a

(1) The supervision performed by the Office may last 15 working days at the latest with the possibility to be extended, but not longer than 30 working days.

(2) The Minister of Finance shall prescribe the form and contents of the order for performing supervision by the Office.

(3) The Director of the Office shall adopt annual programme for performing supervision by 31 December of the current year at the latest for the following year.

Article 46-b

The supervision which the Office conducts independently is performed by the inspectors, employees in the Office meeting the general conditions determined by the Law on Civil Servants and the conditions laid down in the act for systematisation of the workplaces in the Office.

Article 46-c

(1) Upon the performance of the supervision conducted by the Office, the inspector shall have the responsibility to:

1) act in accordance with the order for performing supervision;
2) undertake preparatory activities for performing supervision;
3) inform the responsible and authorised person of the entity on the beginning of the performance of the supervision, as well as the legal basis, objective and scope of the supervision, except in case of urgent and control supervision;
4) legitimate himself/herself in front of the entity, i.e. the authorised person of the entity;

5) keep the data secret;
6) act in accordance with law, duly and in accordance with the Ethic Code of the Civil Servants and the Ethic Code of the Office;
7) compose records on the performed supervision;
8) bring a conclusion;
9) reach a decision in accordance with Article 48-a if this Law;
10) suggest settlement procedure and
11) submit request for initiating misdemeanour procedure .

(2) Besides the obligations from paragraph (1) of this Article, and for the performed supervision the inspector shall be bound to organize the prepared inspector's documentation in a file according to the following schedule:

1) documents collected in the supervision preparation;
2) request from the units of the Office, another body or institution if the supervision has been performed on their request;
3) supervision order;
4) records on performed supervision;
5) conclusion;
6) decision;
7) settlement proposal;
8) records on performed settlement;
9) pay order;
10) request for initiation of misdemeanour procedure and
11) effective and enforcement decisionsof a court procedure.

Article 46-d

(1) Upon the performance of the supervision conducted by the Office the inspector shall be authorised to:

1) check general and separate acts, files, documents, evidence and information in the scope according to the subject of supervision, as well as to demand necessary copies and documents to be prepared.
2) demand from the entity to provide him/her office conditions for work in the business premises of the entity and person that will be present during the supervision due to duly provision of documentation and information related to the subject of supervision;
3) enter and perform examination of the business premises of the subject;
4) examine the identification documents of persons for the purposes of affirmation of their identity in accordance with law;
5) demand from the entity or its employees written or oral explanation related to the issues from the scope of the supervision;
6) demand professional opinion when it is necessary for the supervision,
7) control the activities of the entity;
8) make a list of found documents in the business facility and
9) provide other necessary evidence.

The identity of the copy with the original of the files, documents, evidence and information from paragraph (1) of this Article shall be confirmed by the entity with his own seal and the signature of the authorised person.

The inspector shall be authorised to initiate settlement procedure and misdemeanour procedure in accordance with law.

Article 46-e

(1) During the supervision carried out by the Office, and for the purposes of elimination of the determined irregularities the inspector has the right and obligation towards the entity:

1) to show him the determined irregularities;
2) to show him the determined irregularities and to determine a term for their elimination and to deliver him an invitation for conducting of education in accordance with Article 48-a of this Law;
3) to propose him a settlement procedure and
4) to deliver him an application for initiating misdemeanour procedure or to initiate another appropriate procedure.

Article 46-f

Special commission consisted of three members appointed by the Minister of Finance shall decide on the appeal against the decision of the Office inspector, whereupon the president of the commission shall be appointed from the managing civil servants in the Office which have not been included in the performance of the inspection supervision.

Article 47

(1) Bar chambers and notary chambers, within their competences shall establish commissions for performing supervision of the application of the provisions of this Law by their members.
(2) The members of the commissions referred to in paragraph (1) of this Article shall be appointed for a term of four years without the right to re-election.
(3) The chambers shall notify the Office of the appointments and structure of the commissions.

Article 48

(1) The bodies and institutions referred to in Article 46 of this Law and the commissions referred to in Article 47 of this Law shall be bound to notify the Office of the request submitted to initiate a misdemeanour procedure for an offence committed referred to in Article 49, 50, 51 and 52 of this Law by the entities which are supervised, of the initiated settlement procedures and the outcome of these proceedings.
(2) The bodies and institutions referred to in Article 46 and the commissions referred to in Article 47 of this Law shall be bound to inform the Office, without delay and occasionally, at least twice a year, of the supervision carried out over the entities and on the findings from the supervision carried out.

Education Procedure

Article 48-a

(1) If upon the performance of the supervision carried out by the Office, the inspector determines that an irregularity from Article 50-a and Article 51 of this Law has been made, he/she shall be bound to compose records in which he/she will determine the made irregularity and to reach a decision with an indication for elimination of the determined irregularity within 8 days and to simultaneously deliver an invitation for carrying out an education of the person or the entity at which the irregularity has been determined during the performance of the supervision.
(2) The form and the contents of the education invitation, as well as the manner of carrying out the education shall be prescribed by the Minister of Finance on the proposal of the Office.
(3) The education shall be organised and carried out by the Office, in a period not longer than eight days starting from the day of the supervision performance.

(4) The education may be carried out for several determined same or homogenous irregularities for one or several entities.

(5) If in the arranged term the person or the entity from paragraph (1) of this Article, to which an education is carried out, does not appear, it will be considered that the education has been carried out.
(6) Should the person or the entity from paragraph (1) of this Article to which the education has been carried out appears at the arranged education and complete it, it will be considered that he/she/it is educated in terms of the determined irregularity.
(7) Should the Office inspector, conducting the control supervision, determines that the established irregularities from paragraph (1) of this Article have been removed, he/she shall come to a conclusion by which he/she stops the inspection supervision procedure.
(8) Should the Office inspector, conducting the control supervision, determines that the established irregularities from paragraph (1) of this Article have not been removed, he/she shall suggest a settlement procedure.
(9) The office shall take records on the carried out education on the manner prescribed by the Minister of Finance on the proposal of the Office.

VIII. MISDEMEANOUR PROVISIONS

Article 49

(1) Fine in the amount from 80.000 to 100.000 Euros in denar counter-value shall be imposed to the legal entity if:
- fails to reject the execution of the transaction or the business or other relation or legal matter, or if it is keeping and informs the Office immediately for keeping, or rejection to perform transaction according to Article 15, paragraph (1);
- fails to deliver data to the Office according to Article 15 paragraph (2);
- fails to keep the transaction, the business or other relation or legal matter according to Article 15 paragraph (3);
- pays or receives cash in the amount of 15,000 Euros or more in denar counter-value in the form of one or several linked transactions, according Article 24 paragraph (1);
- performs registration or transfer of securities, other property or legal matters if the client does not submit evidence that the money transfer has been done through a bank, contrary to Article 24 paragraph (2);
- start or continue with business relation with shell bank and start or continue with corresponding business relation with a bank for which they know that allows opening and working with accounts of shell banks contrary to Article 25 paragraph (1);
-shell banks perform financial activities in the Republic of Macedonia contrary to Article 25 paragraph (2);
-open or keep anonymous accounts contrary to Article 26;
- do not keep the data and documents at least 10 years, according to Article 27 paragraph (3) ad (4);
- do not make the document available according to Article 27 paragraph (9);
- inform the client or third party for data delivering to the Office or for other measures and actions undertaken based on this Law, according to Article 28 paragraph (3);
- inform the client or third party for data delivering contrary to Article 28 paragraph (4);
- fail to deliver to the Office data, information and documents when they suspect or have ground for suspicion that there was or is money laundering or financing terrorism or an attempt was made or will be made for money laundering or for financing terrorism, according to Article 29 paragraph (1) indent a);
- fail to deliver to the Office data, information and documents for transactions from and to risky countries, according to Article 29 paragraph (1) indent d);
- fail to deliver all required additional information and documentation, deliver incorrect information or fail to inform the Office immediately, according to Article 29 paragraph (3);

- fail to deliver the gathered data, information and documents for the done transactions within the deadline and in the form, as prescribed in Article 29 paragraph (4);
- fails to deliver the required data, incorrectly answers the required data or does not answer them in a form and deadline of ten working days, according to Article 34 paragraph (2);
- does not keep the transaction based on the issued order or within 72 hours from the keeping of the transaction, according to Article 36 paragraph (2) and paragraph (3); and
- fail to put into use or fail to upgrade the software for automatic data processing according to Article 40 paragraph (4).

(2) Besides the fine for committed acts from paragraph (1) of this Article a misdemeanour sanction for prohibition on conducting certain activity from two to five years shall be imposed to the legal entity in accordance with law.

(3) Fine in the amount from 5.000 to 10.000 Euros in denar counter-value shall be imposed to the responsible person of the legal entity for misdemeanour regarding the actions from paragraph (1) of this Article.

(4) Besides the fine a misdemeanour sanction - prohibition on conducting an activity from one to two years shall be imposed to the responsible person for the actions from paragraph (1) of this Article in accordance with law

Article 50

(1) Fine in the amount of EUR 30,000 to 40,000 in denar counter value will be imposed to the legal entity for a misdemeanour should it:

- fails toundertake measures and actions in case of a procedure bankruptcy and liquidation in accordance with Article 7;
- fails to conduct a procedure of client analysis when a business relation is established in accordance with Article 8 item a);
- fails toconduct a procedure for client analysis when one or several related transaction in the amount of EUR 15,000 in denar counter value or more are performed in accordance with Article 8 item b);
- fails to conduct a procedure for client analysis when there is a doubt for money laundering or financing terrorism, regardless any exception or amount of funds in accordance with Article 8 item c);
- fails to conduct procedure for client analysis when there is a doubt for the veracity or the adequacy of previously obtained data on the client identity in accordance with Article 8 item d);
- fails to conduct a procedure for client analysis according to the made evaluation of the risk of the client, business relation, product or the transaction in accordance with Article 9 paragraph (2);
- fails to perform risk assessment of the client on the basis of a procedure for risk analysis in accordance with Article 9 paragraph (3);
- fails to provide an access to the document for risk assessment in accordance with Article 9 paragraph (4);
- fails to perform detailed review of the transactions undertaken within the frames of the business relation in order to confirm that the transaction shall be made in accordance with the intention, business relation, risk profile and financial standing of the client in accordance with Article 12-b paragraph (1);
- fails to make an analysis of the basis and the objective of complex, extraordinarily large transaction or transactions carried out in extraordinary manner, which does not have obvious economic justification or evident legal objective or business relation and transactions with natural or legal entities, financial institutions from countries which have not implemented or under-implemented the measures for preventing money laundering and financing terrorism in accordance with Article 12-c paragraph (1), (2), and (5);

- fails to pay special attention to the threats of money laundering and financing terrorism in the new technologies or developing technologies and to undertake measures for them not to be used for the purposes of money laundering or financing of terrorism in accordance with Article 12-c paragraph (4).
- fails to identify and confirm the identity of the beneficial owner or provide data in accordance with Article 12-d paragraph (1);
- fails to provide data in accordance with Article 12-d paragraph (2);
- fails to make available the provided data on the financial institution which should perform the payment or the competent bodies in accordance with Article 12-dparagraph (3);
- fails to forward the data on the payer to the financial institution beneficial owner in accordance with Article 12-d paragraph (4);
- fails to limit or stop the business cooperation with the financial institutions in accordance with Article 12-d paragraph (5);
- fails to meet the requirements for client analysis in accordance with Article 13 paragraph (1);
- fails to provide appropriate documentation in accordance with Article 13 paragraph (3);
- fails to meet the requirements for client analysis in accordance with Article 13 paragraph (4);
- fails to apply intensified client analysis when there is higher risk of money laundering or financing terrorism in accordance with Article 14 paragraph (1);
- fails to apply measures of intensified client analysis when it is not physically present for the purposes of identification in accordance with Article 14 paragraph (2);
- fails to apply measures of intensified client analysis when correspondent bank relations have been established with banks in accordance with Article 14 paragraph (3);
- fails to apply measures of intensified analysis of the client when they perform transaction or enter in business relation with holders of public functions in accordance with Article 14 paragraph (4);
- fails to demand information in accordance with Article 16 paragraph (1);
- fails to inform the Office in accordance with Article 16 paragraph (2), (3) and/or (4);
- fails to deliver a report to the Office in accordance with Article 16 paragraph (6);
- the data obtained on the basis of this Law shall be used contrary to Article 28 paragraph (1);
- the employees in the entities having the obligation to undertake measures and actions for detection and prevention of money laundering and financing terrorism use the personal data from the client's files contrary to Article 28 paragraph (5);
- fails to deliver data, information and documents for cash transaction in the amount of EUR 15,000 in denar counter value or more to the Office in accordance with Article 29 paragraph (1) item b);
- fails to deliver data, information and documents for several related cash transaction in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29 paragraph (1) item c);
- fails to inform the Office in accordance with Article 29 paragraph (2);
- fails to deliver data on verified contracts with which it obtains the property in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29-a paragraph (1);
- fails to deliver data on paid loans in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29-a paragraph (2);
- fails to deliver data on concludedinsurance policies in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29-a paragraph (3);

- fails to deliver data on concluded contracts on purchase and sale of vehicles in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29-a paragraph (4);
- fails to deliver a report to the Office in accordance with Article 31 paragraph (1);
- fails to act on the basis of the order for monitoring of the business relation with the client in accordance with Article 35-a paragraph (1);
- fails to inform the Office in accordance with Article 35- a paragraph (2) and (4);
- fails prepare programs or the programs does not contain and provide procedures in accordance with Article 40 paragraph (1);
- fails to deliver the prepared programmes for an insight and opinion of the Office in accordance with Article 40 paragraph (2);
- fails to put in use or upgrade the software for automatic processing of data in accordance with Article 40 paragraph (4);
- fails to form special department in which it will take care for the implementation of the programme in accordance with Article 40-a paragraph (1);
- fails to appoint authorised person managing with the work of the department in accordance with Article 40-a paragraph (4);
- the employees in the department does not have an access to the data bases contrary to Article 40-a paragraph (5) and
- fails to deliver information in accordance with Article 43.

(2) Misdemeanour fine in the amount of EUR 2,000 to 5,000 in denar counter value will be imposed to the responsible person in the legal entity for the actions from paragraph (1) of this Article.

Article 50-a

(1) Fine in the amount of EUR 5,000 to 10,000 in denar counter value will be imposed to the legal entity for a misdemeanour if it:

- fails to identify and confirm the identity of the natural person with original and valid identity card or passport or verified copy in accordance with Article 10 paragraph (1) and (2);
- fails to determine the name, surname, date and place of birth, place and address of residence or temporary residence, personal identification number or number of the identity card or the passport, authority which issued it and date of expiry of the identity card or passport in accordance with Article 10 paragraph (3) or (4);
- fails to identify and confirm the identity of the legal entity by original or verified copy of registration from central register or by the document for its foundation in accordance with Article 10 paragraph (5) or (7) and (8);
- fails to establish the name, seat, tax number of the legal entity, founder/s and legal representative in accordance with Article 10 paragraph (6);
- fails to identify the managing body and the representative offices of the legal entity in accordance with Article 10 paragraph (9);
- fails to keep a copy of the identification documents in accordance with Article 10 paragraph (10);
- fails to identify and confirm the identity of the final owner in accordance with Article 11;
- fails to identify and confirm the identity of the person performing the transaction (procurator), holder of rights and the power of attorney in accordance with Article 12;
- fails to verify the identity of the client, the procurator or the final owner and before the establishment of business relation or before carrying out the transaction in accordance with Article 12- a paragraph (1);

- fails to confirm the identity of the client or final owner and to confirm its identity before or during the payment of the policy or before or when the beneficiary has an intention to practice the rights resulting from the policy in accordance with Article 12-a paragraph (3);
- fails to identify and confirm the identity if the client during performance of life insurance works in accordance with Article 12-a paragraph (4);
- fails to review and update the documents and data of the client within the frames of the business relation in accordance with Article 12-b paragraph (2);
- fails to demand information in accordance with Article 17 paragraph (1);
- fails to inform the Office in accordance with Article 17 paragraph (2);
- fails to establish the basis for a doubt in accordance with Article 18 paragraph (1);
- fails to establish the identity of the client before each transaction which includes an amount higher than EUR 500 in denar counter value in accordance with Article 20 paragraph (1);
- fails to notice the data in chronological order in numerated register in accordance with Article 20 paragraph (2);
- fails to establish the identity of the client before each transaction which includes an amount higher than EUR 1,000 in denar counter value in accordance with Article 21 paragraph (1);
- fails to notice the data in chronological order in numerated register in accordance with Article 21 paragraph (2);
- fails to establish the identity of the client before entering in the casino or upon buying or payment of chips in the amount exceeding EUR 2,000 in denar counter value in accordance with Article 22 paragraph (1);
- fails to notice the data in chronological order in numerated register in accordance with Article 22 paragraph (2);
- fails to identify the client, procurator and final beneficiary of the securities trading in accordance with Article 23 paragraph (1);
- fails to notice the data in numerated register in accordance with Article 23 paragraph (2);
- fails to provide application of measures for the prevention of money laundering and financing terrorism in the subsidiaries and branch offices in accordance with Article 26-a paragraph (1);
- fails to inform the supervision body in accordance with Article 26-a paragraph (2);
- fails to keep copies from the documents confirming the identity of the client or the final beneficiary, for the conducted procedures for analysis of the client or the final beneficiary and realised transaction or the transaction in try, from the client file and business correspondence in accordance with Article 27 paragraph (1);
- fails to keep copies in accordance with Article 27 paragraph (2);
- fails to keep numerated register from Articles 20, 21, 22, and 23 in accordance with Article 27 paragraph (6);
- legal successors or the founders of the entity does not keep the data in accordance with Article 27 paragraph (7) and paragraph (8);
- fails to deliver data, information and documents in accordance with Article 29 paragraph (5);
- fails to confirm the report delivered by phone, fax, electronic or other written document in accordance with Article 31 paragraph (2);
- fails to update the prepared programmes and/or deliver the prepared programmes for an insight and opinion of the Office in accordance with Article 40 paragraph (3);
- there has not been an employment in the department in accordance with Article 40-a paragraph (2);

- employees in the department does not meet high professional standards in accordance with Article 40-a paragraph (3) and
- fails to confirm the identity of the existing clients and update their data in accordance with Article 56-c.

(2)Misdemeanour fine in the amount of EUR 1,200 to 2,000 in denar counter value will be imposed to the responsible person in the legal entity for the actions from paragraph (1) of this Article.

Article 51

(1) Fine in the amount of EUR 2,500 to 5,000 in denar counter value will be imposed to the natural person for a misdemeanour shouldhe/she, within his/her works:

- fails to conduct procedure of client analysis when a business relation is established in accordance with Article 8 item a);
- fails to conduct a procedure for client analysis when one or several related transactions in the amount of EUR 15,000 in denar counter value or more are performed in accordance with Article 8 item b);
- fails to conduct a procedure for client analysis when there is a doubt for money laundering or financing terrorism, regardless any exception or amount of funds in accordance with Article 8 item c);
- fails to conduct procedure for client analysis when there is a doubt for the veracity or the adequacy of previously obtained data on the client identity in accordance with Article 8 item d);
- fails to conduct a procedure for client analysis according to the made assessment of client's risk, business relation, product or the transaction in accordance with Article 9 paragraph (2);
- fails to perform risk assessment of the client on the basis of a procedure for risk analysis in accordance with Article 9 paragraph (3);
- fails to identify and confirm the identity of the natural person with original and valid identity card or passport or verified copy in accordance with Article 10 paragraph (1) and (2);
- fails to establish the name, surname, date and place of birth, place and address of residence or temporary residence, personal identification number or number of the identity card or the passport, authority which issued it and date of expiry of the identity card or passport in accordance with Article 10 paragraph (3) or (4);
- fails to identify and verify the identity of the legal entity by original or verified copy of registration from Central register or by the document for its foundation in accordance with Article 10 paragraph (5) or (7) and (8);
- fails to establish the name, seat, tax number of the legal entity, founder/s and legal representative in accordance with Article 10 paragraph (6);
- fails to identify the managing body and the representative offices of the legal entity in accordance with Article 10 paragraph (9);
- fails to keep a copy of the identification documents in accordance with Article 10 paragraph (10);
- fails to identify and confirm the identity of the final owner in accordance with Article 11;
- fails to identify and confirm the identity of the person performing the transaction (procurator), holder of rights (authorizer) and the power of attorney in accordance with Article 12;
- fails to verify the identity of the client, the authorizer or the final owner and before the establishment of business relation or before carrying out the transaction in accordance with Article 12- a paragraph (1);

- fails to confirm the identity of the client or final owner and to confirm his/her identity before or during the payment of the policy or before or when the beneficiary has an intention to practice the rights resulting from the policy in accordance with Article 12-a paragraph (3);
- fails to identify and confirm the identity of the client during performance of life insurance works in accordance with Article 12-a paragraph (4);
- fails to monitor the transactions in accordance with Article 12-b paragraph (1);
- fails to review and update the documents and data of the client within the frames of the business relation in accordance with Article 12-b paragraph (2);
- fails to make an analysis of the basis and the objective of complex, extraordinarily large transactions or transactions carried out in extraordinary manner, which does not have obvious economic justification or evident legal objective or business relation and transactions with natural or legal entities, financial institutions from countries which have not implemented or under-implemented the measures for preventing money laundering and financing terrorism in accordance with Article 12-c paragraph (1), (2), and (5);
- fails to identify and confirm the identity of the sender or provide data on the name and surname of the sender, address and date and place of birth, identification number and account number of the beneficial owner during payments for the purposes of domestic or foreign transfers in the amount of EUR 2,500 in denar counter value in accordance with Article 12-d paragraph (1);
- fails to forward the data on the payer to the financial institution which is beneficial owner in accordance with Article 12-d paragraph (2);
- fails to establish the data on the sender in accordance with Article 12-d paragraph (3);
- fails to meet the requirements for client analysis in accordance with Article 13 paragraph (1);
- fails to provide appropriate documentation in accordance with Article 13 paragraph (3);
- fails to apply intensified client analysis when there is higher risk of money laundering or financing terrorism in accordance with Article 14 paragraph (1);
- fails to apply measures of intensified client analysis when he/she is not physically present for the purposes of identification in accordance with Article 14 paragraph (2);
- fails to apply measures of intensified client analysis when correspondent bank relations are being established with banks in accordance with Article 14 paragraph (3);
- fails to apply measures of intensified analysis of the client when performing transactions or enter in business relation with holders of public functions in accordance with Article 14 paragraph (4);
- fails to deliver a report to the Office in accordance with Article 15 paragraph (1);
- fails to deliver a report to the Office in accordance with Article 15 paragraph (2);
- fails to keep the transaction, business or other relation or legal activity in accordance with Article 15 paragraph (3);
- fails to demand information in accordance with Article 16 paragraph (1);
- fails to inform the Office in accordance with Article 16 paragraph (2), (3) and (4);
- fails to deliver a report to the Office in accordance with Article 16 paragraph (6);
- fails to demand information in accordance with Article 17 paragraph (1);
- fails to inform the Office in accordance with Article 17 paragraph (2);
- fails to establish the basis for a doubt in accordance with Article 18 paragraph (1);
- fails to establish the identity of the client before each transaction which includes an amount higher than EUR 500 in denar counter value in accordance with Article 20 paragraph (1);
- fails to record the data in chronological order in numerated register in accordance with Article 20 paragraph (2);

- fails to establish the identity of the client before each transaction which includes an amount higher than EUR 1,000 in denar counter value in accordance with Article 21 paragraph (1);
- fails to record the data in chronological order in numerated register in accordance with Article 21 paragraph (2);
- fails to establish the identity of the client before entering in the casino or upon buying or payment of chips in the amount exceeding EUR 2,000 in denar counter value in accordance with Article 22 paragraph (1);
- fails to record the data in chronological order in numerated register in accordance with Article 22 paragraph (2);
- fails to identify the client, authorizer and final beneficiary of the securities trading in accordance with Article 23 paragraph (1);
- fails to notice the data in numerated register in accordance with Article 23 paragraph (2);
- pays or accepts cash in the amount of EUR 15,000 or more in denar counter value as one or more related transactions in accordance with Article 24 paragraph (1);
- performs registration or transfer of securities, another property or legal affairs should the client fails to submit evidence that the money transfer has been made through a bank contrary to Article 24 paragraph (2);
- fails to keep copies from the documents confirming the identity of the client or the final beneficiary, for the conducted procedures for analysis of the client or final beneficiary and realised transaction or the transaction in try, from the client's file and business correspondence in accordance with Article 27 paragraph (1);
- fails to keep copies in accordance with Article 27 paragraph (2);
- fails to keep data and documents for at least ten years in accordance with Article 27 paragraph (3) and (4);
- fails to keep numerated register from Articles 20, 21, 22, and 23 in accordance with Article 27 paragraph (6);
- fails to make the documents available in accordance with Article 27 paragraph (9);
- the data obtained on the basis of this Law shall be used contrary to Article 28 paragraph (1);
- fails to inform the Office in accordance with Article 28 paragraph (2);
- informs the client or third person on the delivery of the data to the Office or other measures and actions undertaken on the basis of Article 28 paragraph (3);
- informs the client or third person on the delivery of data contrary to Article 28 paragraph (4);
- uses the personal data from the client's files contrary to Article 28 paragraph (5);
- fails to deliver data, information and documents to the Office when there is a doubt or a ground for doubt that money laundering or financing of terrorism has been carried out or an attempt for money laundering or financing terrorism has been made or it is being made in accordance with Article 29 paragraph (1) item a);
- fails to deliver data, information and documents for cash transaction in the amount of EUR 15,000 in denar counter value or more to the Office in accordance with Article 29 paragraph (1) item b);
- fails to deliver data, information and documents for several related cash transaction in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29 paragraph (1) item c);
- fails to inform the Office in accordance with Article 29 paragraph (2);
- fails to deliver additional information and documentation or to immediately inform the Office in accordance with Article 29 paragraph (3);
- fails to deliver the collected data, information and documents on the carried out transactions within the term and in the form provided for Article 29 paragraph (4);

- fails to inform the Office in accordance with Article 29 paragraph (5);
- fails to deliver data on verified contracts with which it obtains property in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29-a paragraph (1);
- fails to deliver data on approved loans in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29-a paragraph (2);
- fails to deliver data on concluded insurance policies in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29-a paragraph (3);
- fails to deliver data on concluded contracts on purchase and sale of vehicles in the amount of EUR 15,000 in denar counter value or more in accordance with Article 29-a paragraph (4);
- fails to deliver a report to the Office in accordance with Article 31 paragraph (1);
- fails to confirm the report delivered by phone in accordance with Article 31 paragraph (2);
- fails to deliver the required data within ten working days in accordance with Article 34 paragraph (2);
- fails to act on the basis of the order for monitoring of the business relation of the client in accordance with Article 35-a paragraph (1);
- fails to inform the Office in accordance with Article 35-a paragraph (2) and (4);
- fails to keep the transaction on the basis of the issued order or 72 hours atthe latest from the keeping of the transaction in accordance with Article 36 paragraphs (2) and (3);
- fails to prepare programme or the programme does not contain and provide procedures in accordance with Article 40 paragraph (1);
- fails to deliver the prepared programme for an insight and opinion of the Office in accordance with Article 40 paragraph (2);
- fails to update the programme and/or to deliver it for an insight and opinion of the Office in accordance with Article 40 paragraph (3);
- fails to deliver information contrary to Article 43

fails to confirm the identity of the existing clients and update their data in accordance with Article 56-c.

Article 52

An authorized official or persons performing activities of public interest shall be fined with 1.200 to 2.000 Euros in denar counter-value, if:

- fail to register the importing and exporting of cash or securities across the border line of Republic of Macedonia, according to Article 19 paragraph (1);
- fail to enter the information, according to Article 19 paragraph (2);
- fail to report the importing or exporting of cash or securities of the bearer to the Office exceeding 10.000 Euros in denar counter-value, according to Article 19 paragraph (3);
- fail to inform the Office of any suspicion on money laundering or financing terrorism, according to Article 19 paragraph (4);
- fail to keep all data on the importing and exporting of cash or securities across the customs line for at least ten years from the date of transfer carried out, according to Article 27 paragraph (5);
- fail to inform the Office for initiating a misdemeanour procedure for a committed misdemeanour, money laundering or financing terrorism, according to Article 32 paragraph (3);
- fail to inform the Office on any submitted criminal report, according to Article 32 paragraph (4);
- fail to inform the Office for any submitted criminal report, indictment and first instance court decision on criminal acts money laundering and financing terrorism, according to Article 32 paragraph (5);
- fail to submit the required data, according to Article 34 paragraph (2);
- fail to submit annual plans for supervision of the application of the measures and actions, according to Article 46 paragraph (4);

- fail to inform the Office if they determine suspicion of money laundering and financing terrorism, as well as violation of the provisions from this Law, according to Article 46 paragraph (6);
- fail to establish commissions for supervision, according to Article 47 paragraph (1);
- fail to inform the Office, according to Article 47 paragraph (3);
- fail to inform the Office for the submitted claim to initiate a misdemeanour procedure, according to Article 48 paragraph (1); and
- fail to inform the Office of the performed supervision of the entities and of results of the supervision carried out, according to Article 48 paragraph (2)

Article 53-a

A misdemeanour procedure for committed misdemeanour of the Articles 49, 50, 50-a, 51 and 52 cannot be initiated or conducted after five years from the day of committing the misdemeanour.

Settlement

Article 53

(1) With regard to the misdemeanours referred to in Articles 49, 50, 50-a, 51 and 52 of this Law, the bodies and institutions referred to in Article 46 and the commissions referred to in Article 47 of this Law shall be bound to propose the perpetrator a settlement procedure prior to filing a request for a misdemeanour procedure.

(2) When the perpetrator agrees to a settlement procedure, the body and institution referred to in Article 46 and the commission referred to in Article 47 of this Law shall draw up minutes noting the important elements of the misdemeanour, the time, place and manner of committing the misdemeanour, its description and persons involved.

(3) The minutes shall define the manner of overcoming the consequences of the misdemeanour.

(4) The body and institution referred to in Article 46 and the commission referred to in Article 47 of this Law may issue a payment order to the perpetrator in the settlement procedure.

(5) If the perpetrator pays the payment order, he/she shall be bound to sign it. The acceptance of the payment order shall be entered into the minutes.

(6) The body and institution referred to in Article 46 and the commission referred to in Article 47 of this Law shall be bound to keep records of the initiated settlement procedures and their outcome.

Article 54

The competent court shall decide on the misdemeanours prescribed in Articles 49, 50, 51 and 52 of this Law in a procedure prescribed by law.

IX. TRANSITIONAL AND FINAL PROVISIONS

Article 55

The Chambers, referred to in Article 47 of this Law shall be bound to inform the commissions referred to in Article 47 of this Law within 90 days from the date of entry into force of this Law at the latest.

Article 56

The Office will lay down the lists of risk-based indicators referred to in paragraph 3 of Article 9 of this Law and for identifying suspicious transactions referred to in Article 18 of this Law, in cooperation with the entities and bodies performing supervision of their work within 18 months from the date of entry into force of this Law at the latest.

Article 56-a

The Council for Prevention of Money Laundering and Financing Terrorism shall be established within six months from the day of entering into force of this Law.

Article 56-b

By-laws arising out of the Law on Money Laundering Prevention and Other Criminal Proceeds and Financing Terrorism ("Official Gazette of the Republic of Macedonia" number 4/08) shall continue to be valid until the adoption of new ones.

The by-laws arising out of this Law shall be adopted by the Minister of Finance within 12 months from the day of entering into force of this Law.

Verification of the identity of the existing clients

Article 56-c

The entities shall be obligated to confirm the identity of the existing clients based upon the procedure for risk analysis and to keep up to date the data for their identity within 24 months from the day of entering into force of this Law."

Article 57

With the date of entry into force of this Law, the Directorate for Prevention of Money Laundering shall continue to operate as a Office for Money Laundering Prevention and Financing Terrorism.

Article 58

The Director of the Directorate for Prevention of Money Laundering and Financing Terrorism shall continue to perform his/her position of director of the Office for Money Laundering Prevention and Financing Terrorism until the expiry of his/her mandate.

Article 59

With the date of entry into force of this Law, the employees, equipment, inventory, archives, documentation, operational tools and other assets of the Directorate for Prevention of Money Laundering shall be taken over by the Office for Money Laundering Prevention and Financing Terrorism.

Article 60

With the date of entry into force of this Law, the Law on Money Laundering Prevention and Other Criminal Proceeds shall cease to be valid (Official Gazette of the Republic of Macedonia No. 46/2004).

The provisions from Article 17, 18 and 29-a of this Law shall start to be applied following 30 days from the day of the entering into force of this Law.

The provision from Article 40 paragraph 4 of this Law shall be applied starting from 01.01.2011

Article 61

This Law shall enter into force on the eight day following that of its publication in the Official Gazette of the Republic of Macedonia.

-ANNEX 2-

LAW ON GAMES OF CHANCE AND ENTERTIANMENT GAMES

I. GENERAL PROVISIONS

Article 1

This Law shall regulate the types, conditions and manner of organizing games of chance and entertainment games.

Article 2

Terms used in this Law shall have the following meaning:

1) Games of chance shall be games in which participants are provided equal opportunities for acquiring winnings with indirect or direct payment of certain amount (deposit), and the result from the game shall exclusively or mainly depend on the chance or on some uncertain event during the game;

2) Entertainment games shall be games on computers, simulators, video-slot machines, pinballs and other similar devices which are put into operation by inserting coins, chips or otherwise, as well as darts, billiards games and other similar games in which one can participate by payment, and in which the participant cannot realize winnings in cash, objects or rights but shall rather acquire the right to play one or more games of same type free of charge, as well as other entertainment games, meaning that the participant in entertainment games who makes a loss, shall bear the costs for the game or where the payments (deposits) and the winnings are insignificant;

3) Organizer of game of chance shall be company seated in the Republic of Macedonia, to which license, i.e. permit for organizing games of chance is issued and company, in which member or shareholder shall be the Republic of Macedonia, being established for the purpose of organizing games of chance;

4) Organizer of entertainment game shall be company and natural person - sole proprietor, to which license for organizing entertainment games is issued.

5) Participant in games of chance and entertainment games shall be person, fulfilling the requirements set in the rules on the game of chance and the entertainment game determined by the organizer of the game of chance, i.e. the organizer of the entertainment game;

6) Lottery games of chance shall be games, organized by public drawing, with predetermined winnings fund;

7) Lottery shall be game of chance, in which the participant holds lottery ticket issued by the organizer of the game of chance, which, in line with the game rules, has previously printed numbers. Lottery ticket shall be deemed as wining, when parts of the number or entire numbers appearing on the lottery ticket are drawn in an automated public lottery draw held at the previously set date.

8) Express lottery shall be game of chance, in which the participant holds lottery ticket, issued by the organizer of the game of chance, which, in line with the rules on the game of chance, has previously printed types and amount of winnings, certain symbol or number, which are protected by a protective screen. Lottery ticket shall be deemed as wining, if it bears winnings, symbol or number, which, in line with the game rules was determined as winnings one;

9) Instant lottery shall be game of chance, in which the participant holds lottery ticket issued by the organizer of the game of chance, which, in line with the rules on the game of chance, has previously printed type and amount of winnings, or certain symbol or number, covered by a protective screen, which the participant removes by scratching the protective screen. Lottery ticket shall be deemed as winning, if it bears winnings or certain symbol or number, which, in line with the game rules was determined as winning one;

10) TV tombola (TV bingo) shall be game of chance, in which the participant holds payment receipt, issued by the organizer of the game of chance, which, in line with the rules on the game

of chance, has previously printed numbers, and winner is the participant having payment receipt showing combination of numbers (combination of the winnings), which according to the game rules is determined as winnings, whereby numbers of this combination are obtained via automated or electronic public drawing broadcasted by TV, held at previously set date and time, in line with the game rules.

11) Tombola organized in premises shall be game of chance, in which the participant holds tombola card, issued by the organizer of the game of chance, which, in line with the rules on the game of chance, has previously printed numbers, and winner is the participant having tombola card showing combination of numbers (combination of the winnings), which according to the game rules is determined as winnings, whereby numbers of this combination are obtained by an automated drawing not being broadcasted via mass media.

12) Lotto and keno shall be games of chance in which the participant, in line with the game rules should guess certain group of numbers by his/her own choice. As for the played combinations of numbers, participant in the game shall obtain payment receipt. Winnings shall be achieved when the played numbers on the payment receipt correspond to the numbers drawn by an automated or electronic public drawing and when the participant shall fulfill other requirements set in the game rules;

13) Sports betting (toto) shall be game of chance, in which the participants shall guess the result of the sports matches for each pair separately, in line with the game rules. As for the played sports betting, participant in the game shall obtain payment receipt. Winnings shall be achieved only when the participant shall guess all the results or as many results require by the rules on game, provided that the results achieved are identical with the ones on the payment receipt;

14) Fonto shall be game of chance in which the participant after making a phone call is given a certain number or other unique symbol or he chooses one himself after meeting other requirements as set by the game rules. Participant shall realize the winnings, if the given number or other unique symbol is drawn by public drawing in line with the game rules;

15) Electronic games of chance shall be games of chance, in which drawing shall be carried out via electronic or automated randomness generator and the result shall be electronically transferred, whereby the winnings fund shall not have to be previously determined;

16) Video lottery shall be electronic game of chance played on electronic video lottery terminals (VLT - terminals) connected in electronically controlled network, whereby the result from the game (decision on winnings or loss) shall be generated via electronic or automated randomness generator (generator of random numbers) exclusively in one central server (by the head office of the organizer of the game of chance);

17) Electronic bingo and electronic keno shall be games of chance, in which participant in the game of chance, shall obtain the payment receipts in electronic form in terminal or slot machine and the drawing shall be carried out by the head office via electronic or automated randomness generator. Result in line with the game rules shall be electronically transmitted and shown on the terminals;

18) Award games shall be games of chance, which to the end of advertising products and services shall be organized by a company or several companies together, in a manner determined by the organizer of the game of chance (in usual manner, electronically or via mobile device, internet, etc.) by publicly announcing the requirements for participation in the game, set in the game rules, whereby organizer of the game of chance shall be obliged to allocate the awards in the form of objects, cash or right to the drawn winners;

19) Interactive games of chance shall be games of chance organized by means of electronic communications, i.e. telecommunications, realized by answering questions or showing knowledge or skills, provided that participation in the game is conditioned with payment (deposit) by the participant in the game in the form of telephone charges or any other form of payment (deposit) by the participant in the game;

20) Special games of chance shall be games of chance in which the participants contest another participant or the organizer of the game of chance, having possibility to realize winnings depending on the amount of their deposit and the rules on the game of chance;
21) Casino games shall be games of chance in which the participants in the game of chance shall contest the casino or another participant in line with the international rules on the gaming tables with balls, dices and cards;
22) Betting games shall be games of chance in which participant in line with the game rules shall pay bets on sports and other events:
- betting on results of individual or group sports events, races, etc.
- betting on results of dancing, singing, music and similar events and
- other betting;
23) Games of chance in slot machine clubs shall be games organized on slot machines, electronic roulettes and other devices with multipurpose role and winnings (’multiplayer”) and on slot machines’ system, meaning connection of larger number of slot machines to the end of establishing single jack pot with same and simultaneous possibilities for all participants in the game;
24) Multiplayer slots shall be automated, electronic or similar devices, in which participants in the games of chance, by paying certain amount (chip, metal coins or direct payment on cashier's desk, i.e. on the slot machine) have possibility of winnings;
25) Internet games of chance shall be games of chance in which participant in the games of chance may participate via global internet network (GIW).

Article 3

(1) All issues not envisaged under this Law shall be subject to the Law on General Administrative Procedure.

(2) Administrative acts, upon which decisions are made in the procedures determined by this Law, shall be final in the administrative procedure and administrative dispute may be initiated against them before the competent court, in line with the Law on Administrative Disputes.

(3) Inspection supervision procedure shall be carried out under the Inspection Supervision Law, if not otherwise regulated under this Law.

Article 4

(1) Games of chance may be general games of chance, special games of chance and internet games of chance.

(2) General games of chance shall be:
1) lottery games of chance,
2) electronic games of chance.
3) award games and
4) interactive games of chance.

(3) Special games of chance shall be:
1) casino games,
2) betting games
3) games of chance in slot machine club.

(4) Internet games of chance shall be the general and the special games of chance referred to in paragraphs (2) and (3) of this Article, as well as other games of chance, in which the participant may participate through the global internet network.

Article 5

(1) Lottery games of chance shall be:

1) lottery,
2) express lottery,
3) instant lottery,
4) TV tombola (TV bingo).
5) lotto,
6) keno,
7) sports betting (toto),
8) fonto and
9) tombola organized in premises.

(2) Electronic games of chance shall be:

1) video lottery,
2) electronic bingo and
3) electronic keno.

Article 6

Quiz realized by answering questions or showing knowledge and skills shall not be deemed as game of chance, provided that participation in the quiz is not conditioned with payment (deposit) by the participant in the quiz, in the form of telephone charges in an amount higher than the regular price of telephone impulses or in any other form of payment (deposit) to the account of the participant in the quiz.

II. ORGANIZING GAMES OF CHANCE AND ENTERTAINMENT GAMES

Article 7

(1) Organizing games of chance and entertainment games determined under this Law shall be right of the Republic of Macedonia, unless otherwise regulated under this Law.

(2) Republic of Macedonia shall independently organize the lottery and electronic games of chance, except the tombola organized in premises, by establishing company for organizing games of chance, in which the Republic of Macedonia shall be member or shareholder with at least 51% of the founding capital.

(3) Republic of Macedonia shall transfer the right to organizing other games of chance and entertainment games determined under this Law, including tombola organized in premises by issuing license, i.e. permit to companies, i.e. sole-proprietor, fulfilling the requirements set in this Law.

(4) The license, i.e. the permit referred to in paragraph (3) of this Article shall not be transferred to other company, i.e. sole proprietor.

Article 8

(1) License shall include the rights and the obligations of the organizer of games of chance.

(2) License shall be issued for a time period, which, shall, for each separate game of chance be determined under this Law.

(3) Organizer of games of chance shall be obliged to carry out the games of chance, for which it obtained license continuously during the time period for which the license is issued.

(4) Notwithstanding paragraph (3) of this Article, organizer of games of chance may suspend the carrying out of the game of chance in case of force majeure or technical defect (power failure, etc.) in the period necessary to eliminate the consequences from force majeure, i.e. the technical defect.

(5) Ministry of Finance shall decide upon the suspension referred to in paragraph (4) of this Article upon reasonable application submitted by the organizer of the games of chance.

Organizer of the games of chance shall be obliged to inform the Ministry of Finance without delay on the elimination of the reasons for the suspension.

(6) In case of suspension of the game of chance longer than the period referred to in paragraph (4) of this Article, Government of the Republic of Macedonia shall revoke the license.

(7) In case of revoking the license, deadline shall be set, in which the organizer of games of chance shall be obliged to continue carrying out the commenced games of chance, so as to ensure completion of the commenced games of chance, which shall not be longer than 30 days.

(8) Organizer of games of chance shall have right to cancel the organization of the game of chance, for which license is issued even prior to the expiry of the license validity period, without any right to refund the paid fees and duties determined under this and other law, being obliged to pay the due fees and duties determined under this and other law. (4) Government of the Republic of Macedonia shall decide upon such cancellation upon reasonable application submitted by the organizer of the games of chance to the Ministry of Finance, with appropriate application of the provision referred to in paragraph (7) of this Article.

Article 9

(1) Entertainment games, award games and interactive games of chance shall be organized on the basis of license.

(2) License referred to in paragraph (1) of this Article shall in particular include information on:

1) organizer of entertainment game, award game, i.e. interactive game of chance;
2) type of the game of chance;
3) duration of the license;
4) place of organizing entertainment game, award game, i.e. interactive game of chance;
5) rights and obligations of the organizer of entertainment game, award game, i.e. interactive game of chance and
6) amount of the fee for the obtained license.

(3) Organizer of games shall be obliged to carry out the games referred to in paragraph (1) of this Article, for which it obtained license, continuously during the period, for which the license is issued.

(4) Notwithstanding paragraph (3) of this Article, organizer of games of chance may suspend the carrying out of the games referred to in paragraph (1) of this Article in case of force majeure or technical defect (power failure, etc.) in the period necessary to eliminate the consequences from force majeure, i.e. the technical defect.

(5) Ministry of Finance shall decide upon the suspension referred to in paragraph (4) of this Article upon reasonable application submitted by the organizer of the games of chance. Organizer of games of chance shall be obliged to inform the Ministry of Finance on the elimination of the reasons for the suspension.

(6) In case of suspension of the games referred to in paragraph (1) of this Article longer than the period referred to in paragraph (4) of this Article, Ministry of Finance shall revoke the license.

(7) In case of revoking the license, deadline shall be set, in which the organizer of games shall be obliged to continue carrying out the commenced games referred to in paragraph (1) of this Article, so as to ensure completion of the commenced games, which shall not be longer than 30 days.

(8) Organizer of games shall have right to cancel the organization of the games referred to in paragraph (1) of this Article, for which license is issued even prior to the expiry of the license validity period, without any right to refund the paid fees and duties determined under this and other law, being obliged to pay the due fees and duties determined under this and other law. (4) Ministry of Finance shall decide upon such cancellation upon reasonable application

submitted by the organizer of the games of chance, with appropriate application of the provision referred to in paragraph (7) of this Article.

Article 10

(1) Company, being issued license pursuant to this Law shall be obliged to start organizing the game of chance within 15 days from the day of receiving the license.

(2) Company, i.e. sole proprietor, being issued permit for organizing entertainment games pursuant to this Law, shall be obliged to start organizing the game within 15 days from the day of receiving the license.

(3) Company, being issued permit for organizing award game and interactive game of chance, shall be obliged to start organizing the game of chance within the deadline determined under the game rules stipulated by the organizer of the games.

Article 11

(1) Fee shall be paid for issuing license and permit, unless otherwise regulated under this Law.

(2) Fee for the license shall be paid so that 50% of the fee shall be paid when issuing the license, and the other 50% in equal annual installments during the license validity period.

(3) Organizer of the games of chance shall be obliged to pay the fee of 50% paid when issuing the license within 15 days from the day of receiving the license. Otherwise it shall be deemed that the license was not issued at all.

(4) Maturity deadlines of the annual installments for the fee in the amount of 50% shall be determined in the license. If the organizer of the games of chance fails to pay the amount of the annual installment up to the date determined under the license, Government of the Republic of Macedonia shall revoke the license.

Article 12

Licenses issued for organizing games of chance shall be published on the website of the Ministry of Finance.

Article 13

(1) Organizer of games of chance, i.e. entertainment games shall be revoked license, i.e. permit for organizing games of chance, i.e. entertainment games, if it is determined that it:

1) fails to start organizing the game within the deadlines determined under Article 10 of this Law:

2) fails to fulfill the spatial and technical and technological requirements determined under this Law and the bylaws adopted on the basis of this Law;

3) violates the rules on the game of chance;

4) fails to pay the fees and the special duties determined under this Law or fails to pay the winnings to the participants in the games of chance on regular basis;

5) does not allow or otherwise prevents supervision stipulated under this Law or hinders the supervision;

6) fails to accurately show the realized turnover;

7) lends money to the participants in the games of chance;

8) fails to act in line with the issued license, i.e. permit for organizing the game of chance and the entertainment games;

9) fails to make deposit or to provide bank guarantee in the cases referred to in Article 18 of this Law;

10) fails to maintain the amount of the founding capital of the company stipulated under this Law and

11) in other cases determined under law.

(2) Organizer of the games of chance, i.e. the entertainment games shall be revoked license, i.e. approval for organizing games of chance, i.e. entertainment games, if it is determined that it organizes games of chance or entertainment games on the basis of license or approval obtained in line with the regulations, being valid up to the day of starting the application of this Law, failing to harmonize its operations with the provisions of this Law within six months from the day of starting the application of this Law.

Article 14

(1) Each game of chance shall have rules, and the casino shall also have rulebook.

(2) Rules on the games of chance, i.e. the rulebook of the casino shall be adopted by the organizer of the games of chance.

(3) Rules on the games of chance, i.e. the rulebook of the casino shall be displayed in a visible place in the premise, where games of chance are organized and they shall be available to the participants in the games of chance.

(4) During the game of chance, i.e. during the commenced round, the rules on the game of chance and the rulebook of the casino shall not be changed, and the commenced game of chance, i.e. the commenced round shall have to be completed, according to the same rules, i.e. the rulebook.

(5) Notwithstanding paragraph (4) of this Article, Ministry of Finance, upon application by the organizer of the game of chance, may give consent for postponing the day or changing the place of drawing, i.e. determining the winnings. Such application shall be reasonable.

(6) If the organizer of the game of chance commenced selling lottery tickets, tombola cards or received payments, and due to certain circumstances which could not have been previously envisaged, it is not in a position to complete the game of chance and it is cancelled, it shall be obliged, within 30 days from the day of canceling the game to refund the received money, i.e. the deposits to the participants in the game of chance.

(7) Ministry of Finance shall give consent for the rules on the games of chance and the rulebooks of the casinos.

(8) Consent referred to in paragraph (7) of this Article shall be issued in a manner that each page of the rules on the games of chance, i.e. the rulebook of the casino shall be verified with a stamp of the Ministry of Finance.

Article 15

(1) Winnings from the games of chance may be in the form of cash, objects and rights.

(2) As regards paying the winnings from the games of chance, organizer of the games of chance shall guarantee with its overall property.

(3) Republic of Macedonia shall not guarantee for the winnings the participants realize in the games of chance.

Article 16

(1) Funds realized on all bases from the organization of games of chance and entertainment games shall be used for financing national organizations of disabled people, their unions and association, associations of citizens for fight against family violence and the Red Cross of the Republic of Macedonia.

(2) Amount of the funds for the purpose referred to in paragraph (1) of this Article shall be determined to 50% of the total income from the games of chance and the entertainment games in the previous calendar year, however not less than Denar 60 million and not more the Denar 120 million.

(3) Distribution of the funds referred to in paragraph (2) of this Article shall be carried out by the Government of the Republic of Macedonia, under a decision, on the basis of programme submitted by the Ministry of Labour and Social Policy.

(4) Ministry of Labour and Social Policy shall prepare the programme referred to in paragraph (3) of this Article on the basis of projects submitted by entities referred to in paragraph (1) of this Article, indicating the amount of funds and the purpose for their utilization.

(5) Funds realized on all bases from the organization of special games of chance shall be used for financing sport, sports federations and clubs though the Youth and Sports Agency.

(6) Amount of funds for the purpose referred to in paragraph (5) of this Article shall not be less than Denar 30 million and more than Denar 50 million.

(7) Distribution of the funds referred to in paragraph (6) of this Article shall be carried out by the Government of the Republic of Macedonia, under a decision, on the basis of programme submitted by the Youth and Sports Agency.

(8) Youth and Sports Agency shall prepare the programme referred to in paragraph (7) of this Article on the basis of projects submitted by sports federations and clubs, as well as on the basis of own projects for promoting the sport, indicating the amount of funds and the purpose of their utilization.

Article 17

Fees and special duties from the games of chance determined under this Law shall be revenue of the Budget of the Republic of Macedonia.

Article 18

(1) Organizer of games of chance shall, to the end of ensuring the payment of winnings to participants in the games of chance, payment of public duties determined under law, as well as the fees and the special duties determined under this Law, be obliged to make deposit or provide bank guarantee, in a bank seated in the Republic of Macedonia, in an amount determined under this Law for the respective game of chance, within 15 days from the day of receiving the license and it shall be obliged, within this period, to submit evidence on deposited amount or bank guarantee to the Ministry of Finance.

(2) Obligation referred to in paragraph (1) of this Article shall not refer to organizers of award games, interactive games of chance, entertainment games and organizers of lottery games of chance, except to organizers of the game of chance tombola organized in premises.

Article 19

The following shall be prohibited:

1) participation in games of chance organized abroad, in particular if deposits are paid on the territory of the Republic of Macedonia;
2) sale, advertising and any other presentation of foreign lottery tickets, tombola cards, slips, coupons, electronic cards and similar on the territory of the Republic of Macedonia;
3) organization of games of chance and entertainment games in the technological industrial development zones on the territory of the Republic of Macedonia;
4) organization of games of chance not regulated under this Law, giving possibility for acquiring winnings and
5) participation in games of chance or entertainment games organized with no issued license, i.e. permit.

Article 20

(1) Persons younger than 18 years shall not participate in the games of chance.

(2) Organizer of the game of chance shall be obliged to prevent participation of persons younger than 18 years in the games of chance.

(3) Person younger than 18 years shall be prohibited entry in casinos, premises where tombola is organized, betting houses and slot machine clubs.

(4) Organizer of game of chance shall be obliged to prohibit entry in casinos, premises where tombola is organized, betting houses and slot machine clubs for persons younger than 18 years.

(5) Organizer of the game of chance shall have right to inspect the documentation, proving the age of persons referred to in paragraphs (1) and (3) of this Article.

Article 21

(1) Games of chance and entertainment games shall be organized in specially arranged premises fulfilling the spatial and technical and technological requirements stipulated by the Minister of Finance.

(2) Sale of lottery tickets, instant lottery tickets and tombola cards for TV tombola, i.e. payments for lotto, keno and sports betting (toto) may be also carried out via street sale.

(3) If it is allowed by the type of the game of chance, general and special games of chance may be carried out via sms and by mobile device.

(4) Spatial and technical and technological requirements the organizers of games of chance are obliged to fulfill if they organize games of chance via sms by mobile device shall be stipulated by the Minister of Finance under the act referred to in paragraph (1) of this Article.

Article 22

(1) Lottery tickets, tombola cards and betting slips shall be printed by the organizer of the games of chance.

(2) Lottery tickets and tombola cards for certain types of games of chance shall be recorded by the Public Revenue Office.

(3) Organizers of games of chance shall, within 30 days following the completion of the game of chance, be obliged to deliver the unsold lottery tickets and tombola cards to the Public Revenue Office, with no right to compensation of the costs for the returned quantities.

(4) Form and contents of lottery tickets, tombola cards and betting slips shall be stipulated by the Minister of Finance.

Article 23

(1) Organizer of special games of chance shall be obliged to keep cashier's book in a manner enabling insight into the daily statement of income from the games of chance.

(2) Organizer of special games of chance shall be obliged to keep cashier's book according to the accounting principles, standards and the accounting practice.

(3) Cashier's book shall be kept in binding sheets, verified in the Public Revenue Office.

(4) Cashier's book shall be kept at least ten years.

(5) Contents of the cashier's book shall be stipulated by the Minister of Finance.

Article 24

Company being issued license for organizing games of chance, shall, within six months following the end of the financial year, be obliged to submit audit report to the Ministry of Finance, on the audit performed by chartered auditor.

Article 25

(1) With regard to the activities in the field of games of chance and entertainment games, Ministry of Finance shall:

1) act upon applications submitted for issuing licenses and permits for organizing games of chance and entertainment games, as well as upon applications for suspension and cancellation of licenses and permits;
2) issue and revoke license for organizing games of chance and entertainment games;
3) adopt decisions on suspension of organization of games of chance and entertainment games and cancellation of the permit;
4) adopt decisions on giving consent for postponing the day of drawing or changing the place of drawing, i.e. determining the winnings at games of chance in the cases determined under this Law;
5) adopt decisions on changing the number of slot machines in slot machine clubs, slot machines and tables in casinos and the number of terminals in gambling houses for organizing electronic games of chance;
6) adopt decisions on changing the business premise, where games of chance and entertainment games are organized and decisions on changing the points for payments in and payments out;
7) adopt decisions on giving consent for the points for payments in and payments out;
8) control the eligibility of the bank guarantee, i.e. the deposited amount paid as guarantee in line with the provisions of this Law;
9) keep records of issued, revoked and canceled licenses and permits and
10) also carry out other activities pursuant to this Law.

(2) Regarding the activities in the field of games of chance, Government of the Republic of Macedonia shall:
1) issue and revoke licenses for organizing games of chance;
2) decide on canceling licenses for organizing games of chance and
3) also carry out other activities pursuant to this Law.

(2) Minister of Finance shall stipulate the form, the contents and the manner of keeping the records referred to in paragraph (1) item 9 of this Article.

III. GENERAL GAMES OF CHANCE

1. Requirements and Manner of Organizing General Games of Chance

Article 26

(1) State-owned company referred to in Article 7 paragraph (2) of this Law, following the entry in the commercial register kept in the Central Registry of the Republic of Macedonia and the full payment of the founding capital shall mandatory submit the following to the Ministry of Finance:
1) document for registration of the company issued by the Central Registry of the Republic of Macedonia;
2) Article of Association;
3) rules on the games of chance to be organized by the company;
4) certificate issued by competent authority that company managers are not effectively convicted to unconditional imprisonment of at least six months;
5) certificate from the Penal Registry for criminal acts committed by legal entities that no supplementary penalty - prohibition for obtaining license for organizing games of chance is pronounced;
6) certificate from the Penal Registry for criminal acts committed by legal entities that no supplementary penalty revoking license for organizing games of chance is pronounced;
7) certificate from the Penal Registry for criminal acts committed by legal entities that no supplementary penalty - temporary or permanent prohibition for organizing games of chance is pronounced;
8) certificate for paid public duties issued by competent authority and

9) information on economic and financial situation of the entity issued by the Central Registry of the Republic of Macedonia for the last business year, and if the entity exists for no more than one year -from the day of its establishment up to the day of submitting the information;

(2) Ministry of Finance shall check the completeness and suitability of the submitted documentation.

Article 27

Founding capital of the company referred to in Article 7 paragraph (2) of this Law shall not be lower than EUR 2,500,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

Article 28

(1) Organizer of games of chance shall be obliged to sell the lottery tickets and the payment receipts through the points for payments in and payments out, for which it shall have obtained consent by the Ministry of Finance.

(2) Organizer of games of chance shall submit application for obtaining consent pertaining to the points for payments in and payments out to the Ministry of Finance, attaching thereto list of points for payments in and payments out, including information on the address of the facility, the area it covers and other information.

(3) Application referred to in paragraph (2) of this Article shall also be accompanied by agreed minutes on on-sight inspection by the Public Revenue Office and decision confirming the fulfillment of spatial and technical and technological requirements of points for payments in and payments out.

2. Rules on Lottery Games

Article 29

(1) Rules on lottery game of chance shall be adopted by the organizer of the game of chance and shall be applied upon prior consent received by the Ministry of Finance.

(2) Requirements for organizing lottery games of chance, organized in cooperation with organizers of games of chance from other countries, shall be stipulated by the rules on the game of chance, for which consent by the Government of the Republic of Macedonia shall be given upon proposal by the Ministry of Finance.

Article 30

(1) Participant in lottery games of chance shall be natural person, fulfilling the requirements for participation in game of chance (round or series) pursuant to this Law and the rules on the game of chance adopted by the organizer of the game of chance.

(2) Holder of payment receipt, proving the participation in the game of chance with such payment receipt, shall be deemed as participant in lottery games of chance if data on the payment receipt are identical with the data recorded in the central computer system at the organizer of the game of chance.

(3) Holder of undamaged lottery ticket, issued by the organizer of the games of chance shall be deemed as participant in the games of chance lottery, instant lottery and express lottery.

Article 31

(1) Rules on lottery games of chance shall in particular include the following:

1) name and seat of the organizer of interactive games of chance;
2) name, description and duration of the game of chance;
3) requirements for participation in the game of chance;
4) place where the game of chance is organized, i.e. location where payment of deposits for participation in the game of chance is made;
5) amount of the deposit, i.e. the single price of the lottery ticket, the combination and the deadline effecting the payment for participation in the game of chance;
6) quantity and money value of the issue of lottery tickets;

7) type and total value of winnings;
8) description of lottery tickets, i.e. payment receipt;
9) manner, procedure and control of the draw, i.e. determining the winnings;
10) manner of announcing the winnings fund, the value by winnings and the game results;
11) manner and deadline for paying cash winnings, i.e. realizing the other winnings and
12) procedure in case of canceling the draw.

(2) Rules on lottery games of chance shall not be changed once the sale of lottery tickets or payments for certain round or series is initiated, except in the case referred to in Article 14 paragraph (5) of this Law.

Article 32

(10 Prior to the start of certain round or series, organizer of lottery games of chance shall be obliged to announce the rules on the games of chance in at least one daily newspaper available on the territory, where lottery tickets are sold or payments in are made, and as for the persons interested in participating in the game of chance, it shall be obliged to enable them to get familiar with the rules on the game of chance on the points for payments in and payments out.

(2) Obligation for public announcement referred to in paragraph (1) of this Article shall also be deemed as fulfilled if the organizer of the games of chance, prior to the start of certain round or series, announces the rules on the game of chance on its website.

3. Drawing the winnings

Article 33

(1) As for lottery games in which winning combinations are determined by drawing, the drawing shall be public.

(2) Drawing shall be carried out under the supervision of three persons authorized by the organizer of the games of chance.

(3) Prior to the start of the draw, organizer of games of chance shall have to announce the information on the amount of the payments made and the winnings fund.

(4) Organizer of the games of chance shall establish Commission for verifying the results from the games of chance.

Article 34

(1) Ministry of Finance, upon application by the organizer of the games of chance, may approve the change of the place of drawing the winnings or the day of the draw, within 30 days at the latest.

(2) Organizer of the games of chance shall have to announce the change of the place or the postponement of the day of drawing the winnings in the same manner as for the rules on organizing the games of chance.

(3) If in the cases referred to in paragraphs (1) and (2) of this Article, the day of drawing the winnings is postponed, organizer of the games of chance may continue selling the lottery tickets up to the day determined as the day of drawing the winnings.

(4) If the day of drawing is changed due to technical problems (power failure, breakdown of the drawing machine, etc.) the drawing shall be postponed for at least 24 hours, and the organizer of the games of chance shall be obliged to inform the Ministry of Finance thereof.

Article 35

(1) Agreed minutes shall be taken for the course of drawing the winnings, prepared by the authorized persons referred to in Article 33 paragraph (2) of this Law.

(2) Agreed minutes referred to in paragraph (1) of this Article shall include the place, the time and the manner of drawing the winnings, number of sold and unsold lottery tickets, total payments made in the respective round or series, drawn winning combinations, report on the

determined results and winnings, as well as the type, number and the value of winnings. Agreed minutes shall be submitted to the Ministry of Finance within seven days from the day of drawing at the latest.

Article 36

Organizer of the games of chance shall be obliged to announce the report on the results from the drawing and the amount of winnings in at least one daily newspaper, being distributed throughout the whole territory of the Republic of Macedonia and on the points for payments in and payments out, within seven days from the day of drawing at the latest.

4. Winnings Fund and Payment

Article 37

(1) Winnings fund in lottery games of chance shall amount to at least 50% of the payments received for participation in the games of chance.

(2) Amount of the winnings fund in a game of chance referred to in paragraph (1) of this Article by round or series of games of chance shall be determined prior to drawing the winnings.

(3) Winnings fund referred to in paragraph (1) of this Article shall be used for payment of winnings to the participants in the game of chance.

Article 38

(1) Paying the cash winnings, i.e. collecting the prizes in goods and other winnings in the lottery games of chance shall be made, within a deadline determined under the rules on the game of chance, which shall not be longer than 60 days from the day of announcing the report on the results from the game of chance.

(2) If the winner in the lottery games of chance fails to collect the winnings from the game of chance within the deadline referred to in paragraph (1) of this Article, amount of such winnings shall be transferred to the next rounds, i.e. series, in any lottery game of chance.

Article 39

(1) Monthly special fee of 4% of the total payments made, i.e. funds collected through sale of lottery tickets shall be paid for organizing lottery games of chance.

(2) The special fee referred to in paragraph (1) of this Article shall be paid by the 15th in the month for the previous month.

5. License for Organizing Tombola in Premises

Article 40

(1) License for organizing tombola in premises shall be issued by the Government of the Republic of Macedonia on the basis of application submitted to the Ministry of Finance.

(2) Application referred to in paragraph (1) of this Article may be submitted by a company, which on the day of submitting the application, has paid in founding capital that shall not be lower than EUR 1,500,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(3) Company referred to in paragraph (2) of this Article, shall mandatory attach the following to the application:

1) document for registration of the company issued by the Central Registry of the Republic of Macedonia and evidence for the amount of the founding capital;

2) Article of Association;

3) rules on the game of chance;

4) certificate issued by competent authority that company managers are not effectively convicted to unconditional imprisonment of at least six months;

5) certificate that the company has no blocked transaction account in a bank for a period of at least six months prior to the application submission, and, if the company exists for no more than six months, from the day of its establishment;
6) certificate that the company pays salaries to its employees on regular basis for period of at least six months prior to the application submission, and, if the company exists for no more than six months, from the day of its establishment;
7) certificate for paid public duties issued by competent authority;
8) information on the economic and financial situation of the entity issued by the Central Registry of the Republic of Macedonia, confirming positive financial performance of the entity for the last business year, and, if the entity exists for no more than one year, from the day of its establishment up to the day of submitting the offer;
9) certificate from the Penal Registry for criminal acts committed by legal entities that no supplementary penalty - prohibition for obtaining license for organizing games of chance is pronounced;
10) certificate from the Penal Registry for criminal acts committed by legal entities that no supplementary penalty - revoking license for organizing games of chance is pronounced;
11) certificate from the Penal Registry for criminal acts committed by legal entities that no supplementary penalty - temporary or permanent prohibition for organizing games of chance is pronounced;
12) evidence on origin of funds, i.e. assets and rights reported as founding capital;
13) programme for preventing money laundering and financing terrorism in line with the regulations governing the prevention of money laundering and financing terrorism.
14) evidence on origin of cash funds paid as fee for obtaining license.

(4) Company referred to in paragraph (2) of this Article shall, in addition to evidence referred to in paragraph (3) of this Article, be obliged to submit agreed minutes on on-sight inspection by the Public Revenue Office and decision confirming the fulfillment of spatial and technical and technological requirements for organizing tombola in premises.

Article 41

(1) License for organizing tombola in premises shall be issued for a 4-year period.

(4) Fee for obtaining license for organizing tombola in premises shall be paid in the amount of EUR 100,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

Article 42

(1) License for organizing tombola in premises shall refer only to one business premise.

(2) Organizer of the game of chance tombola organized in premises shall be entitled to change the business premise, where tombola is organized.

(3) Organizer of the game shall submit application for changing the business premise to the Ministry of Finance, to attaching the following:
1) evidence that the new business premise fulfills the spatial and technical and technological requirements for organizing tombola in premises and
2) evidence that the previous business premise is closed, i.e. no tombola in premises is organized there by the organizer of the game.

(4) Ministry of Finance shall, under decision, decide on the change of the business premise within eight days from the day of submitting the application.

Article 43

(1) Tombola organized in premises may be organized with tombola cards, recorded and approved by the Public Revenue Office.

(2) Organizer shall sell tombola cards referred to in paragraph (1) of this Article only in the business premises, where tombola is organized.

(3) Manner of recording and approving the cards referred to in paragraph (1) of this Article shall be stipulated by the Minister of Finance.

Article 44

(1) Organizer of tombola organized in premises shall, to the end of ensuring the payment of winnings to participants in the tombola, payment of public duties determined under law, as well as the fees and the special duties determined under this Law, be obliged to make deposit or provide bank guarantee, in a bank seated in the Republic of Macedonia, in the amount of EUR 15,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of making the deposit, i.e. on the day of issuance of the bank guarantee.

(2) If the deposit is reduced or the bank guarantee is called up below the amount stipulated under this Law, organizer of tombola organized in premises shall be obliged to replenish the amount up to the full amount stipulated under this Law, within 48 hours at the latest, and as for each occurred change, the organizer shall be obliged to forthwith inform the Ministry of Finance.

Article 45

(1) Organizer of tombola organized in premises shall adopt rules on the game of chance for organizing tombola in premises, being applied upon consent obtained by the Ministry of Finance.

(2) Prior to the start of the game of chance tombola organized in premises, organizer of the game of chance shall be obliged to display the rules on the games in a visible place in the premise, where the game is organized.

Article 46

Provisions referred to in Article 30 paragraphs (1) and (2) and Article 31 of this Law shall respectively apply to persons who can be participants in the game of chance tombola organized in premises, as well as to the rules on the game of chance.

Article 47

Paying the cash winnings, i.e. collecting the prizes in goods and other winnings in the game of chance – tombola organized in premises, shall be made within a deadline determined under the rules on the game of chance, which shall not be longer than 60 days from the day of the draw.

Article 48

(1) Monthly special fee of 4% of the total payments made from the sale of tombola cards shall be paid for organizing the game of chance- tombola organized in premises.

(2) The special fee referred to in paragraph (1) of this Article shall be paid by the 15th in the month for the previous month.

IV. ELECTRONIC GAMES OF CHANCE

1. Requirements and Manner of Organizing Electronic Games of Chance

Article 49

Provisions referred to in Article 26 and Article 29 of this Law shall respectively apply to the electronic games of chance.

Article 50

Company having paid in founding capital that shall not be lower than EUR 2,500,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date may obtain license for organizing electronic games of chance.

Article 51

(1) Organizer of electronic games of chance shall, to the end of ensuring the payment of winnings to participants, payment of public duties determined under law, as well as the fees and the special duties determined under this Law, be obliged to make deposit or provide bank guarantee, in a bank seated in the Republic of Macedonia, in the amount of EUR 15,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of making the deposit, i.e. on the day of issuance of the bank guarantee.

(2) If the deposit is reduced or the bank guarantee is called up below the amount stipulated under this Law, organizer of the game shall be obliged to replenish the amount up to the full amount stipulated under this law within 48 hours at the latest, and as for each occurred change, the organizer of the game shall be obliged to forthwith inform the Ministry of Finance.

Article 52

(1) Participants in electronic games of chance shall be natural persons fulfilling the requirements for participation in these games pursuant to this Law and the rules on the respective game of chance adopted by the organizer of the game of chance.

(2) Holder of payment receipt, proving the participation in the electronic games of chance with such payment receipt, shall be deemed as participant in electronic games of chance, if data on the payment receipt are identical with the data recorded in the central computer system at the organizer of the game of chance.

(3) Participation in electronic games of chance shall be carried out by paying deposit for the game of chance at the cashier's desk of the organizer of the game or otherwise stipulated under the rules on the game of chance.

Article 53

(1) Rules on electronic games of chance shall in particular include the following:

1) name and seat of the organizer of the game of chance;
2) name, description and duration of the game of chance;
3) requirements for participation in the game of chance;
4) place where the game of chance is organized, i.e. location where payment of deposits for participation in the game of chance is made;
5) amount of the deposit and the deadline effecting the payment for participation in the game of chance;
6) type and total value of the winnings;
7) description of electronic receipts or other types of payment receipts;
8) manner, procedure and control of electronic drawing, i.e. determining the winnings;
9) manner of announcing the winnings, the value by winnings and the results from the game of chance;
10) manner and deadline for paying the cash winnings, i.e. realizing the other winnings and
11) procedure in case of canceling the electronic drawing.

(2) Rules on electronic games of chance shall not be changed once the payments for certain round or series is initiated, except in the case referred to in Article 14 paragraph (5) of this Law.

Article 54

(3) As regards organizing electronic games of chance, organizer of the games shall pay monthly fee in the amount of EUR 50 in Denar equivalent per terminal according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(4) The fee referred to in paragraph (1) of this Article shall be paid by the 15th in the month at the latest for the previous month.

2. Spatial and Technical and Technological Requirements for Organizing Electronic Games of Chance

Article 55

(1) Electronic games of chance may be organized in specially arranged premises.

(2) Rules on electronic games of chance shall be displayed in a visible place in the gambling house.

(3) Organizer of electronic games of chance shall have to provide personal protection to both the participants in the electronic games of chance and the visitors.

(4) Spatial and technical and technological requirements the gambling houses should fulfill shall be stipulated by the Minister of Finance under the act referred to in Article 21 paragraph (1) of this Law.

Article 56

(1) License for organizing electronic games of chance shall refer only to one business premise.

(2) Organizer of electronic games of chance shall be entitled to change the business premise, where electronic games of chance are organized.

(3) Organizer of electronic games of chance shall submit application for changing the business premise to the Ministry of Finance, attaching the following:

1) evidence that the new business premise fulfills the spatial and technical and technological requirements for organizing electronic games of chance and

2) evidence that the previous business premise is closed, i.e. no electronic games of chance are organized there by the organizer.

(4) Ministry of Finance shall, under decision, decide on the change of the business premise within eight days from the day of submitting the application.

V. SPECIAL GAMES OF CHANCE

1. Requirements and Manner of Organizing Special Games of Chance

1.1. License for Organizing Casino Games

Article 57

(1) License for organizing casino games shall be issued by the Government of the Republic of Macedonia on the basis of application submitted to the Ministry of Finance.

(2) Application referred to in paragraph (1) of this Article may be submitted by a company, which on the day of submitting the application, has paid in founding capital that shall not be lower than EUR 2,500,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(3) Company referred to in paragraph (2) of this Article, in addition to the evidence referred to in Article 40 paragraph (3) of this Law, shall be obliged to also submit

1) evidence for fulfilling the spatial and technical and technological requirements for organizing casino games, issued by competent authority and

2) evidence issued by legal entity authorized by the Minister of Finance that installed slot machines and the casino tables are technically functional.

Article 58

(1) License for organizing casino games shall be issued for a six-year period.

(2) As for obtaining license for organizing casino games, fee shall be paid in the amount of EUR 600,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

Article 59

Organizer of games of chance shall be obliged, without any delay, to inform the Ministry of Finance about the change of any information or circumstance of relevance to the casino operations, in particular about the change of:

1) members of the management and supervisory bodies of the company - organizer of games of chance;

2) persons authorized for representing and conducting the activities of the company - organizer of games of chance;

3) identity of the persons having share in the founding capital of the company - organizer of games of chance and

4) founding capital of the company - organizer of games of chance.

Article 60

(1) License for organizing casino games shall refer only to one business premise.

(2) Organizer of games of chance shall be entitled to change the business premise, where casino games are organized.

(3) Organizer of games of chance shall submit application for changing the business premise to the Ministry of Finance, attaching the following:

1) evidence that the new business premise fulfills the spatial and technical and technological requirements for organizing casino games and

2) evidence that the previous business premise is closed, i.e. no casino games are organized there by the organizer.

(4) Ministry of Finance shall, under decision, decide on the change of the business premise within eight days from the day of submitting the application.

Article 61

(1) Organizer of casino games shall, to the end of ensuring the payment of winnings to participants in the casino games, payment of public duties determined under law, as well as the fees and the special duties determined under this Law, be obliged to make deposit or provide bank guarantee, in a bank seated in the Republic of Macedonia, in the amount of EUR 100,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of making the deposit, i.e. on the day of issuance of the bank guarantee.

(2) If the deposit is reduced or the bank guarantee is called up below the amount stipulated under this Law, organizer of casino games shall be obliged to replenish the amount up to the full amount stipulated under this law, within 48 hours at the latest, and as for each occurred change, the organizer shall be obliged to forthwith inform the Ministry of Finance.

(3) Organizer of casino games shall be obliged to have, on daily basis, risk deposit in the cashier’s desk of the casino in the amount of at least EUR 10,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia, for the purpose of paying the winnings to the participants in the casino games.

Article 62

(1) Organizer of casino games shall adopt rules on organizing casino games and casino rulebook, being applied upon consent obtained by the Ministry of Finance.

(2) Prior to the start of the game, organizer of casino games of shall be obliged to display the rules on the game and the casino rulebook in a visible place in the premise, where the game is organized.

1.2 Rules on Casino Games and Casino Rulebook

Article 63

(1) Rules on casino games shall in particular include the following:

1) types of special games of chance organized in the casino;

2) prohibition to induce and credit the participants in the game;

3) rules on each type of game, being organized, requirements for participation in the game, amount of the deposit in the game, price of chips or credit points in the game on slot machines with description of the manner of recording in the total-register of the slot machine and the deadline effecting the payment for participation in the game of chance;

4) information on the type and number of slot machines with detailed information on their identification and

5) manner and deadline for paying the cash winnings, i.e. realizing the other winnings.

(2) Rules referred to in paragraph (1) of this Article shall, for each type of casino games, be in line with the sound business practices and the international rules on casino games.

(3) Organizer of casino games may prohibit further participation in the games and presence in the casino to the participants in the games of chance, violating the game rules during the game of chance.

Article 64

(1) Organizer of casino games shall be obliged to adopt casino rulebook to be placed on a notice board for the visitors.

(2) Rulebook referred to in paragraph (1) of this Article shall in particular include the following:

1) organization of the casino work with outline of the working premises in the casino;

2) requirements for entrance in the casino (proof of identity and control of visitors);

3) requirements when access to the casino or participation in the games of chance may be prohibited to certain participants in the games of chance;

4) working hours of the casino and

5) tasks and duties of casino employees regarding the carrying out of games of chance.

Article 65

(1) Organizer of casino games may organize only those games of chance of the type and the scope as determined in the license.

(2) As for the change of the number and the type of slot machines and tables for casino games, envisaged under the license, organizer of casino games shall be obliged to submit application to the Ministry of Finance.

(3) If the organizer of casino games wants to increase the number of slot machines and tables in the casino, the application referred to in paragraph (2) of this Article shall be also accompanied by evidence for fulfilling the spatial and technical and technological requirements in the business premises for organizing casino games and certificates for technical functionality of the newly installed slot machines and tables issued by legal entity authorized by the Minister of Finance.

(4) If the organizer of casino games wants to reduce the number of slot machines and tables in the casino, the application referred to in paragraph (2) of this Article shall be also accompanied by certificate on the slot machine or the table, being put out of use, issued by legal entity authorized by the Minister of Finance.

(5) Ministry of Finance shall, under decision, decide on the change of the number of slot machines and tables in the casino within eight days from the day of submitting the application.

Article 66

(1) As for organizing casino games, organizer of casino games shall pay the following fees:

1) as regards roulette tables, monthly fee in the amount of EUR 3,300 in Denar equivalent per roulette table according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date, and

1) As for other tables, pay monthly fee in the amount of EUR 1,850 in Denar equivalent per table according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(2) Fee referred to in paragraph (1) of this Article shall be paid by the 15th in the month for the previous month.

(3) Organizer of casino games shall submit monthly reports on the gained income by type of games to the Ministry of Finance.

(4) Organizer of casino games shall be obliged to keep data on the daily calculations per slot machine, i.e. table for game of chance.

(5) Organizer of casino games shall submit data from the records together with the final monthly calculations and copy of the evidence for payment of the fees referred to in paragraph (1) of this Article to the Ministry of Finance by the 15th in the month for the previous month.

(6) Provisions referred to in Articles 89 and 94 of this Law shall respectively apply to the slot machines installed in the casino.

Article 67

Value of the promotional chips in the casino shall not be higher than 2% of the monthly income of the casino.

Article 68

Paying the cash winnings, i.e. collecting the prizes in goods and other winnings in the casino games shall be made, within a deadline determined under the rules on the game of chance, which shall not be longer than 60 days from the day of realizing the winning.

Article 69

Casino may, under the rulebook, stipulate 24 –hour working hours each day regardless of whether national or religious holiday or other non-working day is stipulated by law or other regulation.

Article 70

(1) Casino shall have cashier's desk and separate protected area for keeping money and other valuables.

(2) Payments in and payments out at casino games shall be made in Denars or in foreign currency in line with the regulations in the field of foreign exchange operations.

(3) Casino shall have an exchange office and may also have area for providing catering services, where food and beverages are served.

(4) Organizer of casino games shall be obliged to provide continuous audio and video recording supervision in the casino, thus ensuring continuous and direct supervision.

(5) Organizer of casino games shall be obliged to keep the documentation from the continuous recording 15 days or upon application by the Public Revenue Office, even longer.

(6) Data from the documentation referred to in paragraph (5) of this Article shall be business secret, and organizer of casino games may announce them to other persons only pursuant to law.

(7) Organizer of casino games shall be obliged to supervise the participants in the games of chance and the visitors so as for the game to be carried out in line with the provisions of this Law and the game rules.

(8) Organizer of casino games shall provide personal protection to participants in games of chance and the visitors.

(9) Casino shall have central computing system (server) for online supervision, providing for connection to the information system of the Public Revenue Office and shall in particular provide central networking of all slot machines of one organizer of casino games, providing for possible control of the data by the Public Revenue Office, as regards all installed slot machines.

(10) Spatial and technical and technological requirements the casino should fulfill shall be closely stipulated by the Minister of Finance under the act referred to in Article 21 paragraph (1) of this Law.

Article 71

(1) Persons in uniform may enter the casino only when on duty.

(2) No technical devices that could enable getting advantage in the game shall be allowed in the casino.

(3) Organizer of casino games shall be obliged to ensure supervision of entering in and exiting from the casino by recording the visitors and continuous audio and video supervision, i.e. control, by recording entrance in, i.e. the exit from the casino.

(4) Casino may temporary or permanently prohibit or limit the participation in the casino games to certain persons on the basis of assessment.

Article 72

(1) Casino employees, directly evolved in the organizing games of chance shall have to be professionally trained to work in the casino.

(2) Casino employees shall not be allowed to participate in the games of chance in the casino, in which they work.

(3) Casino employees shall have to keep information which they become familiar with when working in the casino as confidential.

2. Betting Games

2.1. License for Organizing Betting Games

Article 73

(1) License for organizing betting games shall be issued by the Government of the Republic of Macedonia on the basis of application submitted to the Ministry of Finance.

(2) Application referred to in paragraph (1) of this Article may be submitted by a company, which on the day of submitting the application, has paid in founding capital that shall not be lower than EUR 500,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(3) Company referred to in paragraph (2) of this Article, in addition to the evidence referred to in Article 40 paragraph (3) of this Law shall be obliged to submit evidence for fulfilling the spatial and technical and technological requirements for organizing betting games issued by competent authority.

Article 74

(1) License for organizing betting games shall be issued for a 3-year period.

(2) As for obtaining license for organizing betting games, fee shall be paid in the amount of EUR 105,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(3) License for organizing betting games shall refer to organizing betting games through points for payments in and payments out.

(4) Organizer of betting games shall be entitled to change the business premises, where betting games are organized.

(5) Organizer of betting games shall mandatory attach the following to the application for changing the business premise, submitted to the Ministry of Finance:

1) evidence that the new business premise fulfills the spatial and technical and technological requirements for organizing betting games and

2) evidence that the previous business premise is closed, i.e. no betting games are organized there by the organizer.

(6) Ministry of Finance shall, under decision, decide on the change of the business premise within eight days from the day of submitting the application.

Article 75

Applicant for issuance of license for organizing betting games shall be obliged to ensure computer system connecting all computers, through which payments in and payments out from all its points for payments in and payments out are recorded, thus the system shall provide data on the payments in and payment outs on each of the computers which can be shown any time and such system shall have to provide for its connection to the respective computer system in the Public Revenue Office.

Article 76

(1) Organizer of betting games shall, to the end of ensuring the payment of winnings to participants in the betting games, payment of public duties determined under law, as well as the fees and the special duties determined under this Law, be obliged to make deposit or provide bank guarantee, in a bank seated in the Republic of Macedonia, in the amount of EUR 300,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of making the deposit, i.e. the day of issuance of the bank guarantee.

(2) By issuing the license and paying the deposit, i.e. the bank guarantee in the amount referred to in paragraph (1) of this Article, organizer of betting games shall be entitled to organize betting games in 25 points for payments in and payments out at the most.

(3) Organizer of betting games shall be entitled to increase the number of points for payments in and payments out by submitting application to the Ministry of Finance, which shall be also accompanied by the evidence referred to in Article 73 paragraph (3) of this Law, whereby as for each next 10 points for payments in and payments out, organizer shall be obliged to submit evidence on deposit made, i.e. to present bank guarantee, in the amount of EUR 50,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date of the deposit, i.e. the day of issuance of the bank guarantee, to the end of ensuring the payment of winnings to participants in the betting games, payment of public duties determined under law, as well as the fees and the special duty determined under this Law.

(4) If the deposit is reduced or the bank guarantee is called up below the amount stipulated under this Law, organizer of betting games shall be obliged to replenish the amount up to the full amount stipulated under this law, within 48 hours at the latest, and as for each occurred change, the organizer shall be obliged to forthwith inform the Ministry of Finance.

Article 77

(1) Organizer of betting games shall adopt rules on organizing betting games, being applied upon consent obtained by the Ministry of Finance.

(2) Prior to the start of the game of chance, organizer of betting games shall be obliged to display the rules on the game of chance in a visible place in the premise, where the games of chance are organized, i.e. at each point for payments in and payments out.

(3) Payments in and payments out related to the betting shall be received, i.e. paid at the points for payments in and payments out of the organizer of betting games.

(4) Organizer of betting games shall be obliged to display in a visible place in each point for payments in and payments out, information on the organizer, the location, as well as the license validity period.

2.2. Rules on Betting Games

Article 78

Rules on organizing betting games shall in particular include the following:

1) name and seat of the organizer of betting games;
2) name, description and duration of the game of chance;
3) requirements for participation in the game of chance;
4) amount of the deposit and the deadline effecting the payment for participation in the game of chance;
5) place where the game of chance is organized, i.e. the location where payment of deposits for participation in the game of chance is made;
6) type and total value of the winnings;
7) manner, procedure and control of determining the winnings;
8) manner of announcing the results from the game of chance and
9) manner and deadline for paying the cash winnings, i.e. realizing the other winnings.

Article 79

(1) As for organizing betting games, organizer of betting games shall pay special duty in the amount of 20%, calculated as difference between the amount paid in from all computers in all points for payments in and payments out of such organizer and the amount paid out all from computers in all points for payments in and payments out on monthly basis.

(2) Special duty referred to in paragraph (1) of this Article shall be paid by the 15th in the month for the previous month.

(3) Organizer of betting games shall be obliged to submit evidence for payment of the special duty referred to in paragraph (1) of this Article to the Ministry of Finance by 15th in the month at the latest for the previous month.

Article 80

Paying the cash winnings, i.e. collecting the prizes in goods and other winnings in the betting games shall be made, within a deadline determined under the rules on the game of chance, which shall not be longer than 60 days from the day of realizing the winning.

Article 81

Organization of betting shall be prohibited on the territory of the Republic of Macedonia when:

1) contrary to this Law, the sound business practices and morale and
2) referring to the results of the presidential elections in the Republic of Macedonia, elections of members of the Parliament of the Republic of Macedonia, mayors and advisors in the Council of municipalities, municipalities in the City of Skopje and the City of Skopje.

Article 82

(1) Organizer of betting games shall have central computing supervision system to be located on the territory of the Republic of Macedonia and that shall have to enable connection to the information system of the Public Revenue Office.

(2) Organizer of betting games shall have software fulfilling all technical requirements for organizing the game of chance and archiving the data in databases, with no possibility to change such data.

(3) Spatial and technical and technological requirements to be fulfilled by the points for payments in and payments out of the organizer of betting games shall be stipulated by the Minister of Finance under the act referred to in Article 21 paragraph (1) of this Law.

Article 83

Betting house may, under the rulebook, stipulate 24 –hour working hours each day regardless of whether national or religious holiday or other non-working day is stipulated by law or other regulation.

Article 84

(1) Organizer of betting games may submit application to the Ministry of Finance for opening new points for payments in and payments out.

(2), Organizer of betting games shall attach evidence for fulfilling the spatial and technical and technological requirements for organizing games of chance in certain point for payments in and payments out to the application for opening new point for payments in and payments out.

Article 85

(1) Keeping, registering and recording data on the received bets shall be carried out in the central computing system.

(2) Organizer of betting games shall keep all winning coupons undamaged, with serial number for at least three years.

3. Games of Chance in Slot Machine Club

3.1. License for Organizing Games of Chance in Slot Machine Club

Article 86

(1) License for organizing games of chance in slot machine club shall be issued by the Government of the Republic of Macedonia on the basis of application submitted to the Ministry of Finance.

(2) Application referred to in paragraph (1) of this Article may be submitted by a company, which on the day of submitting the application, has paid in founding capital that shall not be lower than EUR 2,500,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(3) Company referred to in paragraph (2) of this Article, in addition to the evidence referred to in Article 40 paragraph (3) of this Law, shall be also obliged to mandatory submit the following:

1) evidence for fulfilling the spatial and technical and technological requirements for organizing games of chance in slot machine club, issued by competent authority and

2) evidence issued by legal entity authorized by the Minister of Finance that the installed slot machines are technically functional.

Article 87

(1) License for organizing games of chance in slot machine club shall be issued for a six-year period.

(2) As for obtaining license for organizing games of chance in slot machine club, fee shall be paid in the amount of EUR 78,750 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

Article 88

(1) Organizer of games of chance in slot machine club shall be entitled to change the business premise, where games of chance in slot machine club are organized.

(2) Organizer of games of chance in slot machine club shall submit application for changing the business premise to the Ministry of Finance, attaching the following:

1) evidence that its business premise fulfills the spatial and technical and technological requirements for organizing games of chance in slot machine club and

2) evidence that the previous business premise is closed, i.e. no games of chance in slot machine club are organized there by the organizer.

(3) Ministry of Finance shall, under decision, decide on the change of the business premise within eight days from the day of submitting the application.

(4) Organizer of games of chance in slot machine club shall be entitled to increase the number of business premises, where games of chance in slot machine club are organized.

(2) Organizer of games of chance in slot machine club shall submit application for increasing the number of business premise to the Ministry of Finance, attaching the evidence referred to in paragraph (2) item 1 of this Article.

(6) Ministry of Finance shall, under decision, decide on the increase of the number of business premise within eight days from the day of submitting the application.

Article 89

Applicant for issuance of license for organizing games of chance in slot machine club shall be obliged to ensure computer system connecting all slot machines, regardless of whether they are located in on e or several business premises of the organizer of games of chance in slot machine club, thus the system shall provide data on the payments in and payment outs on each of the slot machines which can be shown any time and such system shall have to provide for its connection to the respective computer system in the Public Revenue Office.

Article 90

(1) Organizer of games of chance in slot machine club shall, to the end of ensuring the payment of winnings to participants in the games of chance in slot machine club, payment of public duties determined under law, as well as the fees and the special duties determined under this Law, be obliged to make deposit or provide bank guarantee, in a bank seated in the Republic of Macedonia, in the amount of EUR 10.000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of making the deposit, i.e. the day of issuance of the bank guarantee.

(2) If the deposit is reduced or the bank guarantee is called up below the amount stipulated under this Law, organizer of games of chance in slot machine club shall be obliged to replenish the amount up to the full amount stipulated under this law, within 48 hours at the latest, and as for each occurred change, the organizer shall be obliged to forthwith inform the Ministry of Finance.

3.2. Rules on Games of Chance in Slot Machine Club

Article 91

(1) Organizer of games of chance in slot machine club shall adopt rules on organizing games of chance in slot machine club, being applied upon consent obtained by the Ministry of Finance.

(2) Prior to the start of the game of chance, organizer of games of chance in slot machine club shall be obliged to display the rules on the game of chance in a visible place in the premise, where the game of chance is organized.

Article 92

(1) Rules on games of chance in slot machine club shall in particular include the following:

1) types of games of chance organized in slot machine club;

2) requirements for entrance in the slot machine club (proof of identity and control of visitors);

3) requirements under which entrance in slot machine club or participation in the game of chance shall be prohibited to certain participants in the games of chance;

4) prohibition to induce and credit the participants in the game;

5) working hours of slot machine club;

6) rules on each type of game of chance, being organized, requirements for participation in the game of chance, amount of the deposit in the game of chance, price of chips or credit points in the game of chance on slot machines with description of the manner of recording in the total-register of the slot machine and the deadline effecting the payment for participation in the game of chance;

7) information on the type and number of slot machines with detailed information on their identification and

8) manner and deadline for paying the cash winnings, i.e. realizing the other winnings.

(2) Special rules that shall have to be in line with the sound business practices and the international rules on games of chance in slot machine club shall be adopted for each type of games of chance in slot machine club.

(3) Organizer of games of chance in slot machine club may prohibit further participation in the games of chance and presence in slot machine club to the participants in the games of chance, violating the game rules during the game of chance.

Article 93

(1) Organizer of games of chance in slot machine club may organize only those games of chance of the type and the scope as determined in the license.

(2) As for the change of the number and the type of slot machines in the slot machine club, envisaged under the license, organizer of games of chance in the slot machine club shall be obliged to submit application to the Ministry of Finance.

(3) If the organizer of games of chance in slot machine club wants to increase the number of slot machines in the slot machine club, the application referred to in paragraph (2) of this Article shall be also accompanied by evidence for fulfilling the spatial and technical and technological requirements in the business premises for organizing games of chance on slot machines and certificates for technical functionality of the newly installed slot machines issued by legal entity authorized by the Minister of Finance.

(4) If the organizer of games of chance in the slot machine club wants to reduce the number of slot machines in the slot machine club, the application referred to in paragraph (2) of this Article shall be also accompanied by certificate on the slot machine, being put out of use, issued by legal entity authorized by the Minister of Finance.

(5) Ministry of Finance shall, under decision, decide on the change of the number of slot machines in the slot machine club within eight days from the day of submitting the application.

Article 94

(1) As for organizing games of chance in slot machine club, organizer of games of chance in slot machine club shall pay special duty in the amount of 20%, calculated as difference between the amount paid in from all slot machines of such organizer and the amount paid out all from slot machines in all business premises of the organizer on monthly basis.

(2) Special duty referred to in paragraph (1) of this Article shall be paid by the 15^{th} in the month for the previous month.

(3) Organizer of games of chance in slot machine club shall be obliged to submit the evidence for payment of the special duty referred to in paragraph (1) of this Article to the Ministry of Finance by the 15th in the month at the latest for the previous month.

Article 95

Paying the cash winnings, i.e. collecting the prizes in goods and other winnings in the games of chance in slot machine clubs shall be made, within a deadline determined under the rules on the game of chance, which shall not be longer than 60 days from the day of realizing the winning.

Article 96

(1) Slot machine club shall have cashier's desk and safe deposit box for keeping money and other valuables.

(2) Slot machine club may have area for providing catering services, where food and beverages are served.

(3) Slot machine club may stipulate 24 –hour working hours each day regardless of whether national or religious holiday or other non-working day is stipulated by law or other regulation.

(4) Organizer of games of chance in slot machine club may temporary or permanently prohibit or limit the participation in the games of chance in slot machine club to certain persons on the basis of assessment.

(5) Spatial and technical and technological requirements to be fulfilled by the slot machine club shall be stipulated by the Minister of Finance under the act referred to in Article 21 paragraph (1) of this Law.

Article 97

(1) Slot machines may be slot machines for one participant in the games of chance and slot machines at which several participants can participate in the games of chance (electronic roulette) simultaneously.

(2) Slot machines shall have to be programmed so the total number of programme combinations to be paid to the participants in the games of chance in at least 87% of the amount of payments-in for participation in the games of chance.

(3) Decision on the winnings or the loss shall be determined under electronic programme via generator of random numbers.

(4) Generator of random numbers referred to in paragraph (3) of this Article shall have to fulfill the following requirements:

1) random number to be statistical and independent and

2) random number not to be predictable.

VI. INTERNET GAMES OF CHANCE

1. General Requirements for Organizing Internet Games of Chance

Article 98

(1) Internet games of chance shall be organized on the basis of license issued by the Government of the Republic of Macedonia on the basis of application submitted to the Ministry of Finance.

2) Licenses shall be issued for a four-year period.

(3) Application for obtaining license for organizing internet games of chance may be submitted by a company registered in the Republic of Macedonia, having founding capital of at least EUR 40,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date, fulfilling the necessary requirements stipulated under this Law for the type of license for internet games of chance, for which the application is submitted.

2. Types of Licenses and Certificate for Internet Games of Chance

Article 99

(1) Government of the Republic of Macedonia shall issue two types of licenses for internet games of chance as follows:

1) license for manufacturer, owner or authorized user of internet games of chance (hereinafter: license for manufacturer), i.e. manufacturer, owner or authorized user of software for organizing internet games of chance, having rights to the software used for organizing games of chance, which shall authorize the holder of this license to use the software, to use it by itself for organizing internet games of chance following the fulfillment of other requirements under this Law, i.e. to be able to rent it to the organizer of internet games of chance and

2) license for organizer of internet games of chance, i.e. entity who obtained the license for using the software for internet games of chance, shall authorize the holder of such license to organize and manage games of chance through the global internet network to the participants in the games of chance on such software platform.

(2) Government of the Republic of Macedonia shall issue certificate for the hardware and software platform, which holders of the license for organizing games of chance shall use for registering all financial transactions and other types of data (host).

Article 100

(1) Fulfillment of the standards and the requirements for the equipment and the functionality of the software for organizing internet games of chance from the point of view of their compliance with the requirements and the standards shall be checked by authorized legal entities.

(2) Ministry of Finance shall announce list of authorized legal entities that may check the fulfillment of the standards and the requirements of the equipment, i.e. the software functionality.

(3) Ministry of Finance may include on the list of authorized legal entities, those entities, having equipment and knowledge to carry out the necessary checks, as well as if they have head office on the territory of the Republic of Macedonia, on the territory of the Member States of the European Union, OECD and the USA.

(4) Minimum technical standards and requirements in terms of equipment (hardware), as well as the functionality of the software for organizing internet games of chance shall be stipulated by the Minister of Finance.

3. License for Manufacturer

Article 101

(1) License for manufacturer shall be issued to the applicant so as for it to be able to manufacture software for organizing internet games of chance or otherwise to acquire ownership over software for organizing internet games of chance for the purpose of its sale or rental to holders of license for organizing internet games of chance, i.e. to use it by itself as organizer of internet games of chance.

(2) Holder of license for manufacturer shall not have the rights and the obligations acquired on the basis of the license for organizer of games of chance, however, it shall be entitled to submit application for obtaining license for organizing games of chance.

(3) Holder of the license for manufacturer shall be responsible for the functionality of the software it sells, i.e. rents for the purpose of organizing games of chance and it shall be obliged to ensure compliance of the software it sells, i.e. rents for the purpose of organizing internet games of chance with the requirements and standards stipulated by the Minister of Finance as regards the software functionality.

(4) Holder of the license for manufacturer shall pay fee for issuance of license in the amount of EUR 25,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

Article 102

(1) Applicant for license for manufacturer shall, in addition to the general requirements, fulfill the following requirements:

1) have computer and other equipment, i.e. hardware, according to the standards and the requirements stipulated by the Minister of Finance, being confirmed by authorized legal entity;

2) be owner, i.e. holder of the rights of computer programmes, i.e. programmes or software, having intention to sell it, i.e. rent it, which software shall be programme basis for internet games of chance and

3) computer programme, i.e. programmes aimed at organizing internet games of chance shall have to be approved by authorized legal entity that they fulfill the requirements and the standards for functionality stipulated by the Minister of Finance for these types of computer programmes.

(2) Applicant for issuance of license for manufacturer shall also attach the following documents thereto:

1) document for registration of company issued by the Central Registry of the Republic of Macedonia;

2) Articles of Association;

3) evidence for the right to ownership or the right to using the premise, where the head office of the organizer of internet games of chance is located.

4) evidence that the founding capital of the company is fully paid in;

5) certificate for paid public duties issued by competent authority;

6) information on economic and financial situation of the entity issued by the Central Registry of the Republic of Macedonia confirming positive financial performance of the entity for the last business year, and, if the entity exists for no more than one year, from the day of its establishment up to the day of submitting the application;

7) statement of the organizer verified at notary public that it has not been revoked its license or other type of permit or approval for organizing games of chance in the country or abroad in the past period;

8) certificate issued by competent authority that company managers are not effectively convicted to unconditional imprisonment of at least six months;

9) detailed report on staffing of the applicant and

10) other evidence and documents stipulated under this Law.

4. License for Organizer of Internet Games of Chance

Article 103

(1) License for organizing internet games of chance shall be issued to the applicant so as for it to be able to organize all types of games of chance through the global internet network.

(4) Holder of the license for organizing internet games of chance shall pay fee for issuance of license in the amount of EUR 50,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(3) Holder of the license for organizing internet games of chance shall pay monthly special duty in the amount of 0.5% of the total payments by the 15th in the month for the previous month.

Article 104

(1) Applicant for license for organizing internet games of chance shall, in addition to the general requirements, fulfill the following requirements:

1) possess computer and other equipment, i.e. hardware, according to the standards and the requirements stipulated by the Minister of Finance, being confirmed by authorized legal entity;

2) be entitled to use computer programme, i.e. programmes for organizing internet games of chance - software, through which participants in the games of chance shall participate in the games of chance through the global internet network, which shall be acquired from holder of

license for manufacturer and
3) provide functional computer equipment (hardware and software) providing for connection with the information system of the Public Revenue Office for the purpose of supervising and controlling the operations.

(2) Applicant for issuance of license for manufacturer shall also attach the following documents thereto:
1) document for registration of company issued by the Central Registry of the Republic of Macedonia;
2) Articles of Association;
3) evidence for the right to ownership or the right to using the premise, where the head office of the organizer of internet games of chance is located.
4) evidence that the founding capital of the company is fully paid in;
5) certificate for paid public duties issued by competent authority;
6) information on the economic and financial situation of the entity issued by the Central Registry of the Republic of Macedonia, confirming positive financial performance of the entity for the last business year, and, if the entity exists for no more than one year, from the day of its establishment up to the day of submitting the application;
7) statement of the organizer verified at notary public that it has not been revoked its license or other type of permit or approval for organizing games of chance in the country or abroad in the past period;
8) certificate issued by competent authority that company managers are not effectively convicted to unconditional imprisonment of at least six months;
9) detailed report on staffing of the applicant and;
10) game rules, for each separate type of internet game of chance and
11) other evidence and documents stipulated under this Law.

5. Certificate for Hardware and Software Platform (Host Certificate)

Article 105

(1) Certificate for hardware and software platform (host) shall be issued to legal entity registered in the Republic of Macedonia or abroad if the equipment is accommodated in premises, fulfilling the following requirements:
1) to fulfill the respective standards stipulated by the International Organization for Standardization (ISO) and Telecommunications Industry Association (TIA);
2) to possess hardware equipment, electricity supply and other requirements stipulated by the Minister of Finance;
3) to have provided security and diversity of supply with internet and telecommunications;
4) to have provided systems for protection against fire, floods and other disasters, in line with standards such as VESDA, FM200, etc;
5) to have stipulated procedures for system recovery in case of temporary non-functionality;
6) to have determined employee training policy of the legal entity and
7) other requirements referring to safety and security of services offered by the certificate holder.

(2) Requirements for safety and security of services referred to in paragraph (1) item 7 of this Article shall be closely stipulated by the Minister of Finance.

Article 106

(1) Organizer of internet games of chance shall, for the purpose of ensuring payment of winnings to participants in internet games of chance, settlement of the fee for organizing internet games of chance, as well as taxes and other public duties and other liabilities, be obliged, throughout the validity period of the license for organizing internet games of chance, to have provided bank guarantee in the amount of EUR 50,000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of issuance

of the bank guarantee, issued by a bank seated in the Republic of Macedonia.

(2) If the holder of license for organizing internet games of chance fails to submit the bank guarantee referred to in paragraph (1) of this Article to the Ministry of Finance within ten days from the day of obtaining the license, the Government of the Republic of Macedonia shall prohibit to it organization of internet games of chance and the Ministry of Finance shall initiate procedure for revoking the license.

(3) If throughout the validity period of the license for organizing internet games of chance, funds are collected from the bank guarantee, the license holder shall be obliged to replenish it within the shortest possible deadline and within 48 hours at the latest.

Article 107

Responsible persons at the legal entity - holder of license for organizer of internet games of chance shall mandatory have permanent residence, i.e. dwelling on the territory of the Republic of Macedonia.

Article 108

(1) Organizer of internet games of chance shall, for each separate type of internet game of chance, mandatory determine game rules.

(2) Game rules shall be submitted to the Ministry of Finance for consent, and they may be applied upon the consent is obtained.

(3) Organizer of internet games of chance shall not change the games rule during the organizing of each separate game.

(4) Every change of the game rules shall be submitted to the Ministry of Finance and it may be applied upon its approval by the Ministry of Finance.

(5) Organizer of internet games of chance shall be obliged to submit to the Ministry of Finance data on the type and the amount of the fee it collects from the participants in the games of chance for participation in the games of chance.

6. Submission of Financial Data

Article 109

(1) Financial operations, transactions, i.e. payments in of deposits or participation and payments of winnings at internet games of chance shall be exclusively carried out through banks seated in the Republic of Macedonia.

(2) Transactions among holder of license for organizing internet games of chance and resident of the Republic of Macedonia shall be carried out in denars, while transactions among license holder and non-resident shall be carried out in foreign currency, in line with the regulations in the field of foreign exchange operations.

Article 110

(1) Organizer of internet games of chance shall be obliged, at any time, upon application by the Public Revenue Office, as well as upon application by the Ministry of Finance to provide information on the overall financial operations.

(2) Organizer of internet games of chance shall, during each payment in and payment out, be obliged to check and confirm the registration of the participant in the games of chance, to confirm the game of the participant in the games of chance, the safety and the internal procedures related to the participant in the games of chance and to ensure for the rules referring to the game to be applied.

7. Control System

Article 111

(1) Applicant for the license for organizing internet games of chance shall mandatory

submit to the Ministry of Finance rules, procedures, measures and protocols, as well as other necessary documentation related to the manner of operations of the license holder, access to information, safety of transactions and other measures for proper and legal operations of the license holder, protection of the participants in the system for organizing games of chance, etc. (control system).

(2) Control system of the license holder shall be approved by the Ministry of Finance, being requirement for obtaining license

(3) Control system referred to in paragraph (1) of this Article shall mandatory include data in particular on the following:

1) system and procedures when keeping accounting, as well as detailed review of all accounts controlled by the license holder;
2) administrative system and procedures;
3) computer programmes used by the license holder;
4) standards and procedures for maintenance, safety, keeping and transporting equipment or software used for internet games of chance;
5) procedures and protocols for registration of transactions during the internet games of chance and payment of winnings to the registered participants in the games of chance;
6) chartered auditors for audit of material and financial operations of the license holder;
7) procedures for monitoring internet games of chance, as well as control of their compliance with this Law and bylaws adopted on the basis of this Law;
8) procedure when employing persons having access to the system for organizing internet games of chance;
9) data on the manner on providing continuous training of the employees and
10) measures undertaken for protection of the system from unauthorized access, as well as procedures for protection of the system from its abuse for the purpose of money laundering or terrorism financing.

(4) Types of mandatory rules, procedures, protocols and other documentation referring to the control system shall be stipulated by the Minister of Finance.

8. Registration of Participants in Internet Games of Chance

Article 112

(1) Only participants registered at the holder of license for organizing internet games of chance may participate in internet games of chance.

(2) During the registration, participant in the games of chance shall conclude contract for participation in the internet games of chance organized by the organizer of internet games of chance, via the website of the organizer, if he/she accepts the requirements for participation, the game rules and the other conractual provisions stipulated by the organizer.

(3) Consent for the compliance of the contract with the provisions of this Law, the bylaws, the acts of the holder license and the game rules shall be given by the Ministry of Finance.

Article 113

(1) As for registration, participant in internet games of chance shall mandatory submit the following data:

1) name and surname;
2) address;
3) day, month and year of birth
4) e-mail address;
5) user name;
6) password and

7) data on transaction account and/or debit or credit cards through which transactions shall be carried out with the organizer of internet games of chance, fast money transfer accounts

or data on the authorized system for financial transfer of funds.

(2) If the organizer of internet games of chance determines that the registered participant in the games of chance submitted false information despite being already registered, the organizer shall be obliged to immediately exclude him/her as participant and to cancel the registration, notifying the participant thereof without any delay.

(3) Organizer of internet games of chance shall be obliged to have accurate data on all registered participants in the games of chance.

(4) Each participant in the games of chance may submit only one account at the organizer of internet games of chance.

Article 114

Organizer of internet games of chance shall be obliged to make available the following information to the participant in the games of chance,:

1) all rules referring to internet games of chance it organizes and

2) costs for participation of the participant in the games of chance which the license holder may charge.

9. Accounts of Participant in the Games of Chance and Payment of Winnings

Article 115

(1) Holder of license for organizing internet games of chance shall open and keep only one account of registered participant in the games of chance.

(2) Holder of license for organizing internet games of chance shall subscribe on the account opened for registered participant in the games of chance, the funds:

1) which the registered participant in the games of chance paid on his/her account and

2) which the registered participant obtained as participant in internet games of chance.

(3) Organizer of internet games of chance shall not include participant in internet games of chance if:

1) he/she is not registered in line with the rules for registration of participants in the games of chance;

2) there are no sufficient funds on the account of registered participant in the games of chance for covering the deposit amount; or

3) funds necessary for covering the deposit amount are not provided in legal manner.

(4) Cash payments by the registered participant in the games of chance to the holder of license for organizing internet games of chance shall be prohibited.

(5) Cash payments by the registered participant in the games of chance to the holder of license for organizing internet games of chance may be made only in one of the following manners:

1) credit cards;

2) debit cards and

3) electronic transfer.

(6) Organizer of internet games of chance shall not approve credit to the participant in the games of chance or on the account of the participant in the games of chance or to act as intermediary for a person providing credit so as to facilitate the provision of credit for participant in the games of chance or for the account of the participant in the games of chance.

Article 116

(1) Holder of license for organizing internet games of chance shall be obliged to check the identity, age and place of residence of the participant in the games of chance, i.e. to carry out other checks if:

1) registered participant in the games of chance pays in, i.e. pays out EUR 3,000 or more to his/her account according to the middle exchange rate of the National Bank of the Republic of Macedonia, paid in foreign currency or in Denar equivalent and

2) registered participant in the games of chance with separate payment in or series of related payments in to his/her account, i.e. with separate payment out or series of related payments out from his/her account, within five days, carries out transaction in the amount of EUR 3,000 or more, paid in foreign currency or in Denar equivalent.

(2) Minister of Finance shall closely stipulate the checks referred to in paragraph (1) of this Article.

Article 117

Organizer of internet games of chance shall, upon application by registered participant in the games of chance, on whose behalf account at the organizer of internet games of chance is opened, be obliged to pay in the available funds of the participant in the games of chance to his/her transaction account, i.e. credit or debit card, not later than 5 working days following the receipt of the application.

Article 118

Organizer of internet games of chance may use the funds of the registered participant in the games of chance paid to his/her account at the organizer only for:

1) payment in of deposit made by the registered participant in the games of chance during authorized game in which the participant in the games of chance participates or deposit is required for the participant in the games of chance to be able to take part;

2) payment out of available funds to the participant in the games of chance from his/her account at the organizer to his/her transaction account, i.e. credit or debit card, upon application by the participant in the games of chance and

3) retaining funds necessary for covering bank costs for the made transfers upon application by the registered participant in the games of chance.

Article 119

Organizer of internet games of chance shall keep the funds of the participant in internet games of chance separately from the own funds at a special account for registered participants in games of chance, in a bank seated on the territory of the Republic of Macedonia.

10. Protection of Participants in Internet Games of Chance

Article 120

(1) Organizer of internet games of chance shall permanently, in a visible place, on the home page on its website, announce information warning about the possibilities of addiction to participation in games of chance, as well as information and links to other websites helping the games of chance addicts.

(2) Organizer of internet games of chance shall prohibit participation of registered participant in the games of chance if:

1) given the frequency of participation of the respective registered participant in the games of chance, one can assume that it is a matter of a person being addicted to participation in games of chance and

2) if, in line with the available information on the financial situation of the registered participant in the games of chance, as well as regards the amount of funds which the participant in the games of chance lost in one or several transactions, the organizer concludes that such manner of spending may jeopardize the existence of the registered participant in the games of chance and his/her family.

Article 121

(1) Registered participant in internet games of chance may, with written or electronic notification to the organizer of internet games of chance:

1) set limit as regards the account on which the participant in the games of chance may bet within set time period;

2) set limit as regards losses the participant in the games of chance may make within set time period;
3) set time limit as regards the participation of the participant in the games of chance and
4) require to be excluded from game for limited or unlimited time period.

(2) Registered participant in the games of chance who acted in one of the manners referred to in paragraph (1) of this Article may eliminate the limitations with written or electronic notification submitted to the organizer of internet games of chance.

(3) Organizer of internet games of chance shall not allow participation of registered participant in the games of chance contrary to the limitations set by the participant in the games of chance himself/herself, pursuant to this Law.

11. Interrupted and Unsuccessful Games

Article 122

(1) Organizer of internet games of chance shall undertake all actions necessary to prevent occurrence of any interruptions in the internet games of chance.

(2) If the game of chance is interrupted, organizer of internet games of chance shall be obliged to enable the participant in the games of chance, participating in the game, to continue and complete the game, being interrupted immediately after the elimination of the reasons for the interruption.

(3) If the organizer of internet games of chance cannot enable the participant in the games of chance to continue and complete the commenced game pursuant to paragraph (2) of this Article only as a result of objective reasons beyond the control of the organizer, it shall be obliged to compensate the amount of deposit to the account of the participant in the games of chance, with which he/she participated in the interrupted game of chance.

(4) If the Ministry of Finance determines that the interruption occurred as a result of circumstances over which the organizer of internet games of chance had control, i.e. the interruption occurred as a result of intention by the organizer, Ministry of Finance shall initiate procedure for revoking the license for organizing internet games of chance.

12. Website of Organizer of Internet Games of Chance

Article 123

(1) Organizer of internet games of chance shall mandatory have website, the home page of which shall include the following information:
1) name of the company of the organizer of internet games of chance;
2) address of the seat of the organizer of internet games of chance;
3) number and date of issuance of the license;
4) hyperlinks to the game rules and the procedure for registration of participants in the games of chance;
5) link to the website of the Ministry of Finance and the Public Revenue Office and
6) all information the Ministry of Finance may consider as necessary and useful.

(2) Ministry of Finance may require for the information referred to in paragraph (1) of this Article to be shown in special format.

(3) Website of the license holder shall not have explicit sexual contents or contents referring to or showing violence.

13. Advertising

Article 124

It shall be prohibited to advertise or participating in advertising in any manner by which:
1) internet games of chance are promoted as a manner for social acceptance, achieving personal or financial success or solving any economic, social or personal problems;

2) recommendations are given by famous persons, suggesting that internet games of chance contributed to their success;
3) it is in particular focused on encouraging minors to be included in internet games of chance and
4) decency limitations are exceeded.

VII. AWARD GAMES

Article 125

(1) Application for obtaining license for organizing award game shall be submitted to the Ministry of Finance.

(2) Application referred to in paragraph (1) of this Article shall be mandatory accompanied by the following:
1) document for registration of the company, i.e. the companies issued by the Central Registry of the Republic of Macedonia;
2) rules on the award game;
3) certificate from the Penal Registry for criminal acts committed by legal entities that the company, i.e. the companies are not pronounced supplementary penalty - prohibition for obtaining license for organizing games of chance;
4) certificate from the Penal Registry for criminal acts committed by legal entities that the company, i.e. the companies are not pronounced supplementary penalty – revoking license for organizing games of chance;
5) certificate from the Penal Registry for criminal acts committed by legal entities that the company, i.e. the companies are pronounced supplementary penalty - temporary or permanent prohibition for organizing games of chance;
6) certificate for paid public duties issued by competent authority and
7) information on economic and financial situation of the entity issued by the Central Registry of the Republic of Macedonia confirming positive financial performance of the entity for the last business year, and, if the entity exists for no more than one year, from the day of its establishment up to the day of submitting the application;

(3) Application referred to in paragraph (1) of this Article shall be submitted within 15 days at the latest before the day the applicant determines as a day of commencement of the organization of the award game.

(4) Ministry of Finance shall decide upon the submitted application within eight days from the day of submitting the application.

Article 126

(1) Rules on the award game shall in particular include the following:
) name and seat of the company, i.e. the companies;
2) indicating the products and the services, the advertising of which is the reason for organizing award game;
3) name, description and duration of award game;
4) description and contents of the certificate, on the basis of which right to participation in award game shall be acquired;
5) territory where the award game shall be organized, i.e. where payment in for participation in the award game shall be made;
6) information on the awards in the award game;
7) value by each award from the awards fund and the total value of the awards fund, expressed in denars;
8) requirements for participation in the award game;
9) course of the procedure for organizing, i.e. carrying out the award- game;

10) place, time, manner, procedure and control of drawing the awards, i.e. determining the winnings and the winners;
11) manner of announcing the results, i.e. the award winners;
12) manner of paying, i.e. realizing the winnings;
13) deadline of payment, i.e. realization of the winnings;
14) manner of getting the participants in the award game familiar with the game rules;
15) deadline in which the unsatisfied participant in the award game shall be entitled to raise objection against the organizer of the award game and
16) prohibition for participation in the award game for the employees at the organizer of the award game, as well as the members of their close families.

(2) Rules on the award game shall be stipulated by the organizer of the award game, and they shall be applied upon consent obtained by the Ministry of Finance.

Article 127

(1) Duration of the organization of the award game shall not be longer than one year.

(2) Organizer of award game shall be obliged to publicly announce the results, i.e. the winners of the awards within three days from the day of drawing the awards, i.e. from the day of determining the winnings and the winners, in at least one daily newspaper available on the territory on which the award game is organized, or to make them otherwise available to the participants in the game.

(3) Organizer having obtained license for organizing award game shall be obliged, prior to the commencement of the award game, to announce the rules on the award game in at least one daily newspaper available on the territory on which the award game is organized or to make them otherwise available to the potential participants in the game.

(4) Provisions of this Law referring to internet games of chance shall not apply to award games.

Article 128

Paying the cash winnings, i.e. collecting the prizes in goods and other winnings from the award games shall be made, within a deadline determined under the rules on the game, which shall not be longer than 60 days from the day of announcing the results, i.e. the award winners.

Article 129

(1) Organizer of award game shall pay fee for organizing the award game in the amount of 18% of the total value of the awards fund.

(2) If several companies appear jointly as organizers of award game, the fee referred to in paragraph (1) of this Article shall, as obligation, be divided among the organizers in an equal amount, if not otherwise agreed among the organizers of the award game.

(3) Organizer, i.e. organizers of award game shall be obliged to pay the fee referred to in paragraph (1) of this Article, prior to the commencement of the award game, within three days from the day of issuance of the license.

(4) if the applicant, i.e. the applicants act contrary to paragraph (3) of this Article, the license shall be revoked.

VIII. INTERACTIVE GAMES OF CHANCE

Article 130

(1) Application for obtaining license for organizing interactive games of chance shall be submitted to the Ministry of Finance.

(2) Application referred to in paragraph (1) of this Article shall be mandatory accompanied by the following:

1) document for registration of the company issued by the Central Registry of the Republic of Macedonia;
2) rules on the game of chance;
3) certificate from the Penal Registry for criminal acts committed by legal entities that the company is not pronounced supplementary penalty - prohibition for obtaining license for organizing games of chance;
4) certificate from the Penal Registry for criminal acts committed by legal entities that the company is not pronounced supplementary penalty -revoking license for organizing games of chance;
5) certificate from the Penal Registry for criminal acts committed by legal entities that the company is not pronounced supplementary penalty - temporary or permanent prohibition for organizing games of chance;
6) certificate for paid public duties issued by competent authority and
7) information on the economic and financial situation of the entity issued by the Central Registry of the Republic of Macedonia, confirming positive financial performance of the entity for the last business year, and, if the entity exists for no more than one year, from the day of its establishment up to the day of submitting the application;

(3) Ministry of Finance shall decide upon the submitted application within eight days from the day of submitting the application.

Article 131

(1) License for organizing interactive games of chance shall be issued for a period of up to one year.

(2) Organizer of interactive games of chance shall pay special duty of 18% of the total awards fund.

(3) Organizer shall be obliged to pay the special duty referred to in paragraph (2) of this Article, prior to the commencement of the interactive game of chance, within three days from the day of issuance of the license.

(4) if the applicant acts contrary to paragraph (3) of this Article, the license shall be revoked.

Article 132

(1) Rules on interactive games of chance shall in particular include the following:
1) name and seat of the organizer of interactive games of chance;
2) name, description and duration of the game of chance;
3) requirements for participation in the game of chance;
4) place where the game of chance is organized, i.e. the location where payment of deposits for participation in the game of chance is made;
5) amount of the deposit, i.e. the single price of the telephone charge or any other form of deposit, as well as the deadline for effecting the payment of the deposit for participation in the game of chance;
6) information on the winnings;
7) type and manner of determining the total value of the winnings;
8) manner and procedure of achieving the winnings;
9) manner and deadline for paying the cash winnings, i.e. realizing the other winnings;
10) deadline in which the unsatisfied participant in the game of chance shall be entitled to raise objection against the organizer of the game of chance;
11) prohibition for participation in the game of chance for the employees at the organizer of the game of chance, as well as the members of their close families and
12) procedure in case of canceling the game, when by answering questions or showing knowledge or skills, winnings are achieved.

(2) Rules on the interactive games of chance shall not be changed following the start of the payment in for certain issue, except in cases referred to in Article 14 paragraph (5) of this Law.

(3) Provisions of this Law referring to internet games of chance shall not apply to interactive games of chance.

Article 133

Paying the cash winnings, i.e. collecting the prizes in goods and other winnings from the interactive games of chance shall be made, within a deadline determined under the rules on the game of chance, which shall not be longer than 60 days from the day of announcing the results, i.e. the award winners.

IX. ENTERTAINMENT GAMES

Article 134

(1) Application for obtaining license for organizing entertainment games shall be submitted to the Ministry of Finance.

(2) If the application referred to in paragraph (1) of this Article is submitted by sole-proprietor, the application shall mandatory be accompanied by the following:

1) document for registration of the sole proprietor issued by the Central Registry of the Republic of Macedonia;
2) certificate for paid public duties issued by competent authority;
3) information on the economic and financial situation of the entity issued by the Central Registry of the Republic of Macedonia, confirming positive financial performance of the entity for the last business year, and, if the entity exists for no more than one year, from the day of its establishment up to the day of submitting the application;
4) evidence for fulfilling the spatial and technical and technological requirements for organizing entertainment games;
5) information on the number and the type of devices for entertainment games, where entertainment games are organized and
6) guideline on the manner of putting the device for entertainment games into operation, description of the entertainment games and the place where the devices are installed.

(3) If the application referred to in paragraph (1) of this Article is submitted by a company, in addition to the documents referred to in paragraph (2) items 2, 3, 4, 5 and 6 of this Article, the application shall also mandatory be accompanied by the following:

1) document for registration of the company issued by the Central Registry of the Republic of Macedonia;
2) certificate from the Penal Registry for criminal acts committed by legal entities that the company is not pronounced supplementary penalty - prohibition for obtaining license for organizing entertainment games;
3) certificate from the Penal Registry for criminal acts committed by legal entities that the company is not pronounced supplementary penalty – revoking the license for organizing entertainment games and
4) certificate from the Penal Registry for criminal acts committed by legal entities that the company is not pronounced supplementary penalty - temporary or permanent prohibition for organizing entertainment games;

Article 135

(1) License for organizing entertainment games shall refer only to one business premise.

(2) Organizer of entertainment games shall be entitled to change the business premise, where entertainment games are organized.

(3) Organizer of entertainment games shall submit application for changing the business premise to the Ministry of Finance, attaching the following:
1) evidence that the new business premise fulfills the spatial and technical and technological requirements for organizing entertainment games and
2) evidence that the previous business premise is closed, i.e. no entertainment games are organized there by the organizer.

(4) Ministry of Finance shall, under decision, decide on the change of the business premise within eight days from the day of submitting the application.

Article 136

(1) License for organizing entertainment games shall be issued for a 10-year period.

(2) As for issuance the license referred to in paragraph (1) of this Article, one-off fee in the amount of EUR 1, 000 in Denar equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia shall be paid on the payment date, within 15 days from the from the day of receiving the license.

(3) As for organizing entertainment games, organizer of entertainment games shall pay monthly fee in the amount of EUR 10 in Denar equivalent per device according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(4) Fee referred to in paragraph (3) of this Article shall be paid by the 15th in the month for the previous month.

(4) If the applicant acts contrary to paragraphs (2) and (4) of this Article, the license shall be revoked.

Article 137

(1) Spatial and technical and technological requirements the entertainment club should fulfill shall be stipulated by the Minister of Finance under the act referred to in Article 21 paragraph (1) of this Law.

(2) Organizing games of chance on slot machines shall be prohibited in entertainment club.

X. REQUIREMENTS AND MANNER OF PUTTING SLOT MACHINES INTO OPERATION

Article 138

(1) Slot machines when put into operation shall have to be technically functional.

(2) Technical functionality of slot machines shall be determined by legal entity authorized by the Minister of Finance.

(3) Authorization referred to in paragraph (2) of this Article shall be issued for a 3-year period.

(4) Authorization referred to in paragraph (2) of this Article may be issued to legal entity, seated in the Republic of Macedonia, fulfilling the following requirements:
1) to have employed adequate number of employees with adequate expert qualifications necessary for determining the technical functionality of slot machines.
2) to have adequate equipment for determining the technical functionality of slot machines;
3) not to organize games of chance or entertainment games and
4) not to produce, repair nor rent slot machines.

(5) Necessary number of employees, expert qualifications and equipment referred to in paragraph (4) items 1 and 2 of this Article for obtaining authorization for determining the technical functionality of slot machines which should be owned by the legal entity shall be closely stipulated by the Minister of Finance.

Article 139

(1) As for issuance of authorization for determining the technical functionality of slot machines, Ministry of Finance shall announce public invitation lasting 15 days from the day of its announcement.

(2) Public invitation for tenders for issuance of authorization for determining the technical functionality of slot machines shall be announced in "Official Gazette of the Republic of Macedonia" and in at least two daily newspapers distributed throughout the territory of the Republic of Macedonia, at least one daily newspaper out of which, is published in the language spoken by at least 20% of the communities not being majority in the Republic of Macedonia.

(3) Public invitation referred to in paragraph (1) of this Article shall in particular include the following:

1) information on the necessary number of employees at the legal entity and their expert qualifications necessary for determining the technical functionality of slot machines;

2) information on the equipment for determining the technical functionality of slot machines the legal entity should posses;

3) deadline, address and manner of submitting tenders, time and hour of their public opening and

4) documentation proving the fulfillment of requirements determined under Article 138 paragraph (4) of this Law and the evidence referred to in Article 141 of this Law.

(4) Documentation referred to in paragraph (3) item 4 of this Article, together with the financial proposal for obtaining authorization for determining the technical functionality of slot machines shall be submitted to the Ministry of Finance in sealed envelope labeled “do not open” indicating the number of the public invitation.

(5) Tenders with the necessary documentation shall be submitted through registered mail or personally in the archives of the Ministry of Finance.

(6) Ministry of Finance shall announce the public invitation referred to in paragraph (1) of this Article and shall carry our the procedure for selection of the entity referred to in Article 138 paragraph (2) of this Article and the Minister of Finance shall issue the authorization during the last six months prior to the expiry of the validity period of the previously issued authorization.

Article 140

(1) Financial proposal referred to in Article 139 paragraph (4) of this Law shall include information on the cost price for each separate service related to determination of technical functionality of slot machines, each type of slot machine, i.e. table for game of chance.

(2) Authorization for determining the technical functionality of slot machines shall be given to the legal entity fulfilling the requirements referred to in Article 138 paragraph (4) of this Law, submitting the documents referred to in Article 141 of this Law and submitting the financial proposal with the lowest cost price for each separate service related to determination of technical functionality of slot machines, each type of slot machine, i.e. table for game of chance.

Article 141

In addition to the tender for obtaining authorization for determining technical functionality of slot machines, the legal entity - tenderer shall mandatory submit the following:

1) document for registration of the legal entity issued by the Central Registry of the Republic of Macedonia;

2) certificate that the legal entity has no blocked transaction account in a bank for a period of at least six months prior to the announcement of the public invitation, and if the entity is not older than six months - from the day of its establishment;

3) certificate that no liquidation procedure nor bankruptcy procedure is initiated against the legal entity;

4) certificate for paid public duties issued by competent authority;

5) certificate from the Penal Registry for criminal acts committed by legal entities that no supplementary penalty - prohibition for obtaining authorization for determining technical functionality of slot machines is pronounced;
6) certificate from the Penal Registry for criminal acts committed by legal entities that no supplementary penalty - revoking authorization for determining technical functionality of slot machines is pronounced and
7) certificate from the Penal Registry for criminal acts committed by legal entities, that no supplementary penalty - temporary or permanent prohibition for performing activity is pronounced.

Article 142

Tenders not including the documentation stipulated under Article 141 of this Law or not being submitted pursuant to Article 139 paragraphs (4) and (5) of this Law, shall not be considered.

Article 143

(1) As for carrying out the procedure for opening and evaluating tenders for obtaining authorization for determining technical functionality of slot machines, Minister of Finance shall establish Commission.

(2) Commission referred to in paragraph (1) of this Article shall comprise three members and their deputies, employed in the Ministry of Finance.

(3) As for the carried out procedure, opening of tenders and performed evaluation, the Commission shall prepare report within eight days from the day of opening the tenders.

(4) The Commission shall submit the report referred to in paragraph (3) of this Article, together with the proposal for selection of the most favourable tenderer for issuance of authorization for determining technical functionality of slot machines to the Minister of Finance.

(5) On the basis of the report and the proposal referred to in paragraph (4) of this Article, Minister shall, within eight days from the submission day, adopt decision on selection of the most favourable tenderer for issuance of authorization for determining technical fu7nctionality of slot machines and shall issue the authorization within eight days from the day of adopting the decision on the selection.

(6) Unsatisfied tenderer may initiate administrative dispute before competent court against the decision referred to in paragraph (5) of this Article.

Article 144

(1) Legal entity authorized for determining technical functionality of slot machines shall be obliged to fulfill the requirements referred to in Article 138 paragraph (4) of this Law throughout the validity period of the authorization.

(2) Legal entity authorized for determining technical functionality of slot machines shall be obliged to adhere to the cost prices for each separate service related to determination of technical functionality of slot machines, each type of slot machine, i.e. table for game of chance, included in the financial proposal submitted by the legal entity during the public invitation procedure referred to in Article 139 paragraph (1) of this Law.

(3) If the Public Revenue Office determines acting contrary to paragraphs (1) and (2) of this Article, it shall forthwith inform the Ministry of Finance of the identified irregularity, which shall immediately adopt decision on revoking the authorization for determining technical functionality of slot machines from the legal entity and shall, within 15 days from the day of adopting the decision, announce new public invitation for issuance of authorization for determining technical functionality of slot machines.

(4) Legal entity being submitted decision referred to in paragraph (3) of this Article shall continue to determine the technical functionality of slot machines, under constant control by the Public Revenue Office until issuance of new authorization by the Minister of Finance.

(5) Legal entity may initiate administrative dispute before competent court against the decision referred to in paragraph (3) of this Article.

Article 145

(1) As for the technical functionality of slot machines, the authorized legal entity referred to in Article 138 paragraph (2) of this Law shall issue certificate for technical functionality of the slot machine.

(2) Upon application by the organizer of the game of chance, authorized legal entity shall be obliged to start determining the technical functionality of slot machines within three working days from the day of the application submitted by the organizer of the game of chance and if it determines that the respective slot machine is technically functional, it shall be obliged to issue the certificate referred to in paragraph (1) of this Article within three working days from the day of determining the technical functionality.

(3) Manner of determining technical functionality of slot machines and the form and contents of the certificate for technical functionality of slot machines shall be stipulated by the Minister of Finance.

Article 146

(1) Technically functional slot machines shall be mandatory stamped.

(2) Minister of Finance shall closely stipulate the contents and the form of the stamp referred to in paragraph (1) of this Article.

Article 147

(1) Slot machines, being technically functional and stamped, may be put into operation if they have plates for labeling and registration issued by the authorized person referred to in Article 138 paragraph (2) of this Law.

(2) Tables for games with small balls, dices or cards, being in use shall also have plates for labeling and registration.

(3) Records on issued plates for labeling and registration shall be kept by the authorized person referred to in Article 138 paragraph (2) of this Law.

(4) Manner of keeping the records referred to in paragraph (3) of this Article, the form and the contents of the plate for labeling and registration referred to in paragraph (1) of this Article shall be stipulated by the Minister of Finance.

XI. REALIZATION AND RECORDS OF WINNINGS

Article 148

(1) Realization of winnings from games of chance pursuant to this Law shall be carried out by presenting valid document for identification of the winner.

(2) Organizer of games of chance shall, when realizing the winnings from the games of chance, be obliged to issue winning certificate to the winner, being signed by the organizer of the games of chance and the winner, i.e. by persons authorized by them.

Article 149

(1) Organizer of games of chance shall, pursuant to this Law, be obliged to keep records on the realized winnings in the game of chance, separately exceeding the amount of Denar 10,000 and on their winners.

(2) Minister of Finance shall stipulate the form, the contents and the manner of keeping the records referred to in paragraph (1) of this Article.

XII. SUPERVISION

Article 150

(1)Implementation of the provisions of this Law and the regulations therefrom shall be supervised by the Public Revenue Office.

(2) Inspection supervision shall be carried out by authorized officials of the Public Revenue Office.

Article 151

(1) When carrying out inspection supervision, the authorized official of the Public Revenue Office shall in particular supervise the following:

1) organization of games of chance, whether the games of chance are organized pursuant to law, in line with the issued license, i.e. permit and in line with the rules on the games of chance;

2) fulfillment of the spatial and technical and technological requirements for organizing games of cance and entertainment games;

3) slot machines regarding their number, technical functionality, stamp and check of plates for labeling and registration of slot machines and tables where the games of chance are organized;

4) keeping the business books and other documentation related to organization of games of chance and entertainment games;

5) payment of fees for obtaining license, i.e. permit, fees, special fees and special duties determined under this Law, as well as payment of taxes and other public duties determined under law, by the organizers of games of chance and entertainment games;

6) deposited bank deposit, i.e. bank guarantee;

7) lottery tickets, tombola cards and coupons;

8) organization of games of chance and entertainment games in case of revoking, suspension and cancellation of the license, i.e. the permit;

9) availability of the rules for organization of games of chance to the participants in the games of chance;

10) points of sale of lottery tickets, tombola cards and coupons and terminals;

11) visit of persons in premises, where special games of chance are organized;

12) participation in the games of chance by persons, being prohibited under this Law;

13) organization of entertainment games;

14) working hours of premises, where games of chance and entertainment games are organized;

15) announcement, payment in and collecting the winnings of winners in the games of chance;

16) inviolability of the secrecy of the information pursuant to law,

17) fulfillment of the requirements referred to in Article 138 paragraph (4) of this Law and obligation of the authorized person to adhere to the cost prices for each separate service related to determination of the technical functionality of slot machines and

18) other activities for the purpose of supervising the organization of games of chance and entertainment games pursuant to this Law.

(2) When carrying out inspection supervision, authorized officials shall prepare agreed minutes.

(3) On the basis of the agreed minutes referred to in paragraph (2) of this Article, the authorized official shall, under decision, order the organizer of the game of chance to eliminate the identified irregularities within 30 days from the day of receiving the decision.

(4) Appeal may be lodged against the decision referred to in paragraph (3) of this Article, within eight days from the day of receiving the decision to the Commission within the Ministry of Finance, comprising three members appointed by the Minister of Finance, at least one member out of which shall be from among the managerial civil servants employed in the Ministry of Finance.

(5) If, during the supervision procedure carried out by the authorized official of the Public Revenue Office, violations of the provisions of this Law and bylaws adopted therefrom are determined, being basis for revoking the license, i.e. the permit, the Public Revenue Office shall forthwith inform the Ministry of Finance thereof, which shall initiate procedure for revoking the license, i.e. the permit.

(6) If, during the supervision procedure carried out by the authorized official of the Public Revenue Office, it is determined that the games of chance or the entertainment games are carried out with no issued license, i.e. permit or contrary to the issued license, i.e. permit, contrary to the rules on the game of chance or if it is determined that the requirements stipulated under this Law for organizing games of chance, i.e. entertainment games were changed, the authorized official shall temporary prohibit the organization of the games of chance, i.e. the entertainment games and shall seal the business premise, where the games of chance, i.e. the entertainment games are organized.

Article 152

(1) Public Revenue Office may, at any time and with no prior announcement, supervise the operations of the holders of the license, i.e. the permit for organizing games of chance or entertainment games, so as to determine the legal and proper operations by the holders of the license, i.e. the permit.

(2) Organizers of games of chance and entertainment games shall, on daily basis, be obliged to provide for direct or indirect supervision by competent authorities.

Article 153

If the authorized officials, when carrying out supervision determine existence of grounded suspicion that criminal act was committed, they shall be obliged report it to the competent authority.

Article 154

(1) If, when carrying out inspection supervision, the authorized official determines that offence referred to in Article 157 paragraph (1) item 14 and Article 158 of this Law is committed for the first time, the authorized official shall be obliged to prepare agreed minutes, determining the irregularity by suggesting its elimination within eight days and by simultaneous handing over of an invitation for carrying out education of the person or the entity, where irregularity is determined during the inspection supervision.

(2) Form and contents of the invitation for education, as well as the manner of carrying out the education shall be stipulated by the Minister of Finance.

(3) Education shall be organized and carried out by the Public Revenue Office within not longer than eight days from the day of carrying out the inspection supervision.

(4) Education may be carried out for several same or similar determined irregularities for one or several entities.

(5) If, the person or the entity, subject to education, fails to attend the education at the scheduled time, it shall be deemed that the education is carried out.

(6)If the person or the entity, subject to education, appears at the scheduled education and completes such education, it shall be deemed that such person or entity is educated as regards the determined irregularity.

(7) If the authorized official, when carrying out audit, determines that the irregularities referred to in paragraph (1) of this Article are eliminated, he/she shall reach conclusion to stop the inspection supervision procedure.

(9) If the authorized official, when carrying out audit determines that the irregularities referred to in paragraph (1) of this Article are not eliminated, he/she shall propose settlement procedure to the perpetrator for the determined offence.

(9) Public Revenue Office shall keep records on the carried out education in a manner stipulated by the Minister of Finance.

Article 155

Public Revenue Office shall, as for the number of controls carried out by authorized officials, be obliged to announce quarterly reports on its website.

XIII. PENAL PROVISIONS

Criminal Act - Organization of Games of Chance with no License, i.e. Permit by Competent Authority

Article 156

(1) Legal entity organizing games of chance in specially arranged premises therefore, with no license, i.e. permit by competent authority, shall be fined with Denar 20 million.

(2) As for the offence referred to in paragraph (1) of this Article, the responsible person at the legal entity shall also be punished with imprisonment of at least three years.

(3) Funds for organizing games of chance referred to in this Article, as well as the funds found at the perpetrators shall be seized.

XIV. OFFENCE PROVISIONS

Article 157

(1) Fine in the amount of EUR 5,000 in Denar equivalent shall be imposed for offence to the legal entity if:

1) it transfers the license, i.e. the permit to other company, i.e. other sole proprietor (Article 7 paragraph (4));

2) it suspends or cancels the game of chance for which it obtains license, contrary to Article 8 paragraphs (5) and (8) of this Law;

3) it fails to adhere to the deadline in which it has to continue to carry out the commenced games of chance for which it obtains incense (Article 8 paragraph (7));

4) it organizes entertainment games, award games or interactive games of chance with no permit by competent authority (Article 9 paragraph (1));

5) it fails to adhere to the deadline in which it has to continue to carry out the commenced games of chance for which it obtains license (Article 9 paragraph (7));

6) suspends or cancels the games referred to in Article 9 paragraph (1) of this Law, contrary to Article 9 paragraphs (5) and (8);

7) it fails to complete the commenced game of chance, i.e. the commenced round according to the same rules, i.e. rulebook (Article 14 paragraph (4));

8) it sells, advertises or otherwise presents foreign lottery tickets, tombola cards, slips, coupons, electronic cards and similar on the territory of the Republic of Macedonia (Article 19 item 2);

9) it organizes game of chance, not regulated under this Law, providing possibility for acquiring winnings (Article 19 item 4);

10) it organizes games of chance or entertainment games in premises not fulfilling the spatial and technical and technological requirements stipulated by the Minister of Finance (Article 21 paragraph (1));

11) it fails to deliver the unsold lottery tickets and tombola cards to the Public Revenue Office within 30 days following the completion of the game of chance(Article 22 paragraph (3));

12) it organizes special games of chance but fails to keep cashier's book or fails to keep cashier's book in the stipulated manner or fails to keep cashier's book for at least ten years (Article 23);

13) it fails to submit audit report to the Ministry of Finance on the audit carried out by chartered auditor within the deadline stipulated under this Law (Article 24).

14) it acts contrary to Article 32 of this Law or fails to put in a visible place the rules on the games of chance, i.e. the casino rulebook (Article 45 paragraph (2), Article 55 paragraph (2), Article 62 paragraph (2), Article 77 paragraph (2), Article 91 paragraph (2) and Article 127 paragraph (3));

15) fails to pay the cash winnings, i.e. to collect the prizes in goods and other winnings within 60 days from the day of announcing the report on the results from the game (Article 38 paragraph (1), Article 47, Article 68, Article 80, Article 95 and Article 128);

16) the organizer changes the business premise, where the game of chance is organized with no decision from the Ministry of Finance (Article 42 paragraph (2), Article 60 paragraphs (3) and

(4), Article 88 paragraphs (2) and (3) and Article 135 paragraphs (3) and (4)) or increases the number of business premises, where games of chance in slot machine club are organized with no decision from the Ministry of Finance (Article 88 paragraphs (5) and (6)) or organizes betting through point for payments in and payments out with no decision from the Ministry of Finance;
17) it fails, when deposit is reduced below the amount stipulated under this Law or when bank guarantee is called up, to replenish the amount up to the full amount stipulated under this law within 48 hours (Article 44 paragraph (2), Article 51 paragraph (2), Article 61 paragraph (2), Article 76 paragraph (4) and Article 90 paragraph (2));
18) it acts contrary to Article 59 of this Law;
19) the organizer of casino games or games of chance in slot machine club fails to submit, once a month, report to the Ministry of Finance on the income gained by type of games or fails to submit evidence for payment of the special duty (Article 66 paragraph (3) and Article 94 paragraph (3));
20) it acts contrary to Article 70 paragraph (4) of this Law;
21) it organizes betting on the territory of the Republic of Macedonia referring to the results of the presidential elections in the Republic of Macedonia, elections of members of the Parliament of the Republic of Macedonia, mayors and advisors in the Council of municipalities, municipalities in the City of Skopje and the City of Skopje (Article 81 item (2));
22) it acts contrary to Article 127 paragraph (2) of this Law;
23) it organizes games of chance on slot machines in entertainment club (Article 137 paragraph (2)) and
24) it puts technically non-functional slot machines into operation (Article 138 paragraph (1)).

(2) Responsible person at the legal entity shall be fined with EUR 1,000 in Denar equivalent for the offence referred to in paragraph (1) of this Article.

(3) As regards the offence referred to in paragraph (1) of this Article, the legal entity, in addition to the fine referred to in paragraph (1) of this Article, shall be pronounced offence sanction -temporary prohibition for performing certain activity for a period of six months to two years, and the responsible person at the legal entity, in addition to the fine referred to in paragraph (2) of this Article, shall be pronounced prohibition to perform profession, activity or duty for a period of one to three years.

Article 158

(1) Fine in the amount of EUR 1,000 in Denar equivalent shall be imposed for an offence to if:
1) he/she participates in foreign games of chance, in which deposits shall be paid on the tertiary of the Republic of Macedonia (Article 19 item 1);
2) he/she participates in games of chance or entertainment games organized with no issued license, i.e. permit (Article 19 item 5);
3) he/she enters technical devices in the casino, which enable getting advantage in the game of chance (Article 71 paragraph (2))
4) employed in the casino participates as player in the games of chance in the casino where he/she works (Article 72 paragraph (2)).

(2) Fine in the amount of EUR 1,000 in Denar equivalent shall be imposed to the responsible person at the legal entity – organizer of game of chance for an offence if:
1) he/she enables participation in games of chance to person younger than 18 years (Article 20 paragraph (2))) and
2) he/she enables entry in casinos, premises where tombola is organized, betting houses and slot machine clubs to person younger than 18 years (Article 20 paragraph (4)).

XV. TRANSITIONAL AND FINAL PROVISIONS

Article 159

Organizers of casino games, betting games and games of chance in slot machine club shall, from the day of commencing the application of this Law up to the day of commencing the application of Article 66 paragraph (6), Article 75, Article 79, Article 89 and Article 94 of this Law, have the possibility to provide computer system to which all computers, i.e. slot machines of organizers of games of chance are connected, recording payments in and payments out and its connection to the respective computer system of the Public Revenue Office or pay the fees, i.e. the duties referred to in Article 160 paragraph (2), Article 161 paragraph (2) and Article 162 (2) of this Law.

Article 160

(1) Organizers of casino games, which in the period from the day of commencing the application of this Law up to the day of commencing the application of Article 66 paragraph (6) of this Law decided to provide computer system connecting all slot machines of organizers of games of chance, recording payments in payments out and its connection to the respective computer system of the Public Revenue Office, shall be obliged to pay the special duty referred to in Article 94 of this Law.

(1) Organizers of casino games who, which in the period from the day of commencing the application of this Law up to the day of commencing the application of Article 66 paragraph (6) of this Law, failed to provide computer system referred to in paragraph (1) of this Article and its connection to the respective computer system of the Public Revenue Office, shall not pay the special duty referred to in Article 94o this Law and but shall pay the following fees:

(3) as regards slot machines at which one participant may participate in the games of chance, the organizer shall pay monthly fee in the amount of EUR 420 in Denar equivalent per slot machine according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date, and

2) as regards slot machines at which several participants may participate in the games of chance simultaneously, the organizer shall pay monthly fee in the amount of EUR 735 in Denar equivalent per slot machine according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(4) Fees referred to in paragraph (2) of this Article shall be paid by the 15th in the month for the previous month.

(4) Organizer referred to in paragraph (2) of this Article shall submit, once a month, report to the Ministry of Finance, on the gained income by type of games of chance.

Article 161

(1) Organizers of betting games of, which in the period from the day of commencing the application of this Law up to the day of commencing the application of Article 75 of this Law decided to provide computer system connecting all computers of organizers of games of chance, recording payments it and payments out and its connection to the respective computer system of the Public Revenue Office, shall be obliged to pay the special duty referred to in Article 79 of this Law.

(1) Organizers of betting games, which in the period from the day of commencing the application of this Law up to the day of commencing the application of Article 75 of this Law did not provide computer system referred to in paragraph (1) of this Article and its connection to the respective computer system of the Public Revenue Office, shall not pay the special duty referred to in Article 79 of this Law but shall rather pay special duty in the amount of Denar 100,000 per month, for each point for payments in and payments out.

(3) Special duty referred to in paragraph (2) of this Article shall be paid by the 15th in the month for the previous month.

(3) Organizer of games of chance referred to in paragraph (2) of this Article shall be obliged to submit evidence for payment of the special duty referred to in paragraph (2) of this Article to the Ministry of Finance by the 15th in the month at the latest for the previous month.

Article 162

(1) Organizers of games of chance in slot machine club, which in the period from the day of commencing the application of this Law up to the day of commencing the application of Article 89 of this Law decided to provide computer system, connecting all slot machines of organizers of games of chance, recording payments in and payments out and its connection to the respective computer system of the Public Revenue Office, shall be obliged to pay the special duty referred to in Article 94 of this Law.

(1) As for organizers of games of chance in slot machine club, which in the period from the day of commencing the application of this Law up to the day of commencing the application of Article 89 of this Law did not provide computer system referred to in paragraph (1) of this Article and its connection to the respective computer system of the Public Revenue Office, license for organizing games of chance in slot machine club shall be issued for organizing games of chance in one business premise, and organizers shall not pay the special duty referred to in Article 94 of this Law but shall rather pay the following fees:

1) as regards slot machines at which one participant may participate in the games of chance, the organizer shall pay monthly fee in the amount of EUR 420 in Denar equivalent per slot machine according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date, and

бб2) as regards slot machines at which several participants may participate in the games of chance simultaneously, the organizer shall pay monthly fee in the amount of EUR 735 in Denar equivalent per slot machine according to the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(3) Fees referred to in paragraph (2) of this Article shall be paid by the 15th in the month for the previous month.

(4) Organizer referred to in paragraph (2) of this Article shall submit, once a month, report to the Ministry of Finance, on the gained income by type of games of chance.

Article 163

(1) Organizers of casino games shall, from the day of entering of this Law into force up to the day of commencing the application of this Law, be also obliged to pay the feeds referred to in Article 160 paragraph (2) of this Law.

(2) Organizers of betting games shall, from the day of entering of this Law into force up to the day of commencing the application of this Law, be also obliged to pay the special duty referred to in Article 161 paragraph (2) of this Law.

(3) Organizers of games of chance in slot machine club shall, from the day of entering of this Law to force up to the day of commencing the application of this Law, be obliged to pay the fees referred to in Article 162 paragraph (2) of this Law.

Article 164

(1) Procedures commenced up to the day of commencing the application of this Law shall continue in line with the regulations, being in force up to the day of commencing the application of this Law.

(2) Organizers of games of chance and entertainment games, which on the day of commencing the application of this Law obtained licenses or approvals in line with the regulations, in force up to the day of commencing the application of this Law, shall be obliged to harmonize their operations with the provisions of this Law within six months from the day of commencing the application of this Law.

(3) Licenses and approvals issued pursuant to the Law on Games of Chance and Entertainment Games ("Official Gazette of the Republic of Macedonia", nos. 10/97, 54/97, 13/01, 2/02 and 54/07) shall continue to be in force for the period which they were issued for.

(4) Changes to the licenses and the approvals issued pursuant to the Law on Games of Chance and Entertainment Games ("Official Gazette of the Republic of Macedonia", nos. 10/97, 54/97, 13/01, 2/02 and 54/07) shall be carried out in line with the provisions of this Law.

(5) Minister of Finance shall announce the public invitation referred to in Article 139 paragraph (1) of this Law within 30 days from the day of commencing the application of this Law.

Article 165

(1) Minister of Finance shall adopt the bylaws envisaged under this Law within six months from the day this Law enters into force.

(2) Up to the day of adopting the bylaws referred to in paragraph (1) of this Article the bylaws adopted on the basis of the Law on Games of Chance and Entertainment Games ("Official Gazette of the Republic of Macedonia", nos. 10/97, 54/97, 13/01, 2/02 и 54/07) shall apply.

Article 166

Provisions referred to in Article 66 paragraph (6), Article 75, Article 79, Article 89 and Article 94 of this Law shall start to apply from 1st January 2012.

Article 167

Law on Games of Chance and Entertainment Games ("Official Gazette of the Republic of Macedonia “, nos. 10/97, 54/97, 13/01, 2/02 and 54/07) shall cease to be in force on the day of commencing the application of this Law, except the provisions referred to in Article 78-a related to the monthly fees for roulette table, other tables and slot machines paid by organizers of casino games of chance and games of chance in slot machine club and the provisions referred to in Article 79-a related to the special fee paid by organizers of betting games related to sports matches, which shall cease to be in force on the day this Law enters into force.

Article 168

This Law shall enter into force on the eighth day from the day of it is published in the "Official Gazette of the Republic of Macedonia", and it shall start to apply following the expiry of six months from the day of its entry into force, except for the provisions referred to in Article 66 paragraphs (1), (2), (3), (4) and (5), Article 160 paragraph (2), Article 161 paragraph (2), Article 162 paragraph (2) and Article 163 of this Law, which shall start to apply from the day this Law enters into force.

-ANNEX 3-

LAW ON INTERNATIONAL RESTRICTIVE MEASURES

I. GENERAL PROVISIONS

Article 1

This Law shall regulate the procedure for introduction and abolition of restrictive measures, their implementation, coordination of implementation of restrictive measures, records keeping and other issues relating to restrictive measures.

Article 2

Restrictive measures within the meaning of this Law shall be measures that have the objective of maintaining international peace and security, respecting human rights and fundamental freedoms, and developing democracy and the rule of law, and which have been adopted on the basis of:
a) legally binding Resolutions adopted by the United Nations Security Council under Chapter VII of the United Nations Charter;
b) legal acts of the European Union; or
c) legal acts by other international organizations, where the Republic of Macedonia is a member country, in accordance with international law.

Article 3

Restrictive measures may apply to one or several states, international organizations, natural and legal persons and to other entities, covered by acts referred to in Article 2 of this Law.

Article 4

Restrictive measures shall be:
a) goods and service embargo;
b) arms embargo;
c) ban on entry in the Republic of Macedonia;
d) financial measures; and
e) other restrictive measures in accordance with international law.

Article 5

The terms used in this Law shall have the following meaning:

1) "Commodity and service embargo" shall mean ban on import, export and transit of goods, provision of services, transfer of technologies and activities connected with trade in goods and services subject to the embargo;
2) "Arms embargo" shall mean ban on trade in arms and military equipment and provision of technical assistance and donations in funds, arms and military equipment to entities subject to the embargo;
3) "Ban on entry" shall mean ban on entry into and transit through the territory of the Republic of Macedonia of a third country nationals to whom restrictive measures apply;
4) "Financial measures" shall mean provisional ban on use or disposal with assets owned by natural and legal persons, or ban on making assets available for use or disposal with by natural and legal persons to which restrictive measures apply. This measure shall apply to:

a) assets which are fully or partially disposed with or used by natural and legal persons subject to restrictive measures, and/or natural and legal persons that finance terrorism or terrorist organizations;

b) assets which originate from assets that are fully or partially disposed with or used by natural and legal persons subject to restrictive measures, and/or natural and legal persons that finance terrorism or terrorist organizations;

5) "Assets" shall mean money, funds or other payment instruments, securities, deposits, other property of any type, such as tangible or intangible, movable or immovable, other rights to assets, claims as well as public and legal documents of ownership and of assets in a written or electronic form or instruments that provide the right to ownership or interest in such assets; and

6) "Other restrictive measures" shall mean full or partial interruption of diplomatic, economic and financial relations, of transportation, air, postal and other communications with one or several states, and other measures in accordance with international law.

II. PROCEDURE FOR INTRODUCTION AND ABOLITION OF RESTRICTIVE MEASURES

Article 6

(1) Upon the proposal by the Ministry of Foreign Affairs, the Government of the Republic of Macedonia shall adopt a Decision introducing a restrictive measure, which shall specifically define:

a) the type of restrictive measure;

b) bodies responsible for the implementation of a restrictive measure, according with their respective legally prescribed competences;

c) the manner of implementation of a restrictive measure; and

d) the duration of the restrictive measure.

(2) Upon a proposal by the Ministry of Foreign Affairs, the Government of the Republic of Macedonia shall adopt a Decision for abolishement of the restrictive measure referred to in paragraph (1) of this Article.

(3) Decisions of the Government of the Republic of Macedonia referred to in paragraphs (1) and (2) of this Article shall be published in the Official Gazette of the Republic of Macedonia.

III. IMPLEMENTATION OF RESTRICTIVE MEASURES

Article 7

(1) With a view to implementing introduced restrictive measures, all natural and legal persons, state bodies and bodies of units of local self-government are obliged to enable the implementation of introduced restrictive measures and shall cooperate with competent bodies designated under a Decision of the Government of the Republic of Macedonia, referred to in Article 6, paragraph (1) of this Law.

(2) In case when natural and legal persons, state bodies or bodies of local self-government units have information and data that a restrictive measure is not being implemented, they are obliged to accordingly and immediately inform the Ministry of Foreign Affairs.

Article 8

Responsible bodies designated under a Decision of the Government of the Republic of Macedonia, referred to in Article 6, paragraph (1) of this Law shall supervise the implementation of restrictive measures in accordance with the law.

Article 9

(1) The Office for Prevention of Money Laundering and Financing Terrorism shall have the obligation to immediately inform relevant financial institutions, the Agency For Real Estate

Cadastre and the Central Securities Depository about Decision that a financial restrictive measure is introduced.

(2) Institutions referred to in paragraph (1) of this Article shall immediately check and freeze assets of natural and legal persons subject to financial restrictive measures, if these persons have had business relations with them or have utilized their services, or shall refuse to establish such relations; and the institutions shall inform the Directorate for Prevention of Money Laundering and Financing of Terrorism for this matter.

(3) The Office for Prevention of Money Laundering and Financing Terrorism shall immediately inform institutions referred to in paragraph (1) of this Article about Decisions that abolish the financial restrictive measure, which on their part shall immediately defreeze the assets.

Article 10

(1) In the course of implementation of financial restrictive measures, upon the request of natural or legal persons subject to financial restrictive measures, the competent court may allow a partial use of assets to the extent necessary to cover the basic needs, such as: treatment of seriously ill persons, child delivery, burial costs, payment of tax and fees to state institutions, costs for subsistence of minors and similar.

(2) The competent court shall determine the conditions under which partial use of assets referred to in paragraph (1) of this Article is allowed.

(3) The competent court shall inform the Ministry of Foreign Affairs about such rulings within eight days.

(4) The Ministry of Foreign Affairs shall inform relevant bodies of international organizations introducing restrictive measures about every court ruling issued on the basis of paragraph (1) of this Article.

Article 11

Responsible bodies designated under a Decision of the Government of the Republic of Macedonia referred to in Article 6, paragraph (1) of this Law, and natural and legal persons referred to in Article 7 of this Law shall treat information and data they have available in pursuance with the regulations on personal data protection and on security of classified information.

Article 12

(1) The implementation of restrictive measures shall not imply liability of responsible bodies for the implementation of restrictive measures in accordance with this Law or liability of natural or legal persons who are obliged to ensure the implementation of restrictive measures in accordance with the law.

(2) No compensation may be claimed for damages arising from the implementation of this Law against the Republic of Macedonia, against bodies responsible of implementation of restrictive measures in accordance with this Law and against natural or legal persons referred to in paragraph (1) of this Article.

IV. COORDINATION OF THE IMPLEMENTATION OF RESTRICTIVE MEASURES

Article 13

(1) Upon a proposal of the Ministry of Foreign Affairs, the Government of the Republic of Macedonia shall establish a Coordination Body for Monitoring of Implementation of Restrictive Measures (hereinafter referred to as the Coordination Body).

(2) The Coordination Body shall be composed of five members from the Ministry of Foreign Affairs, the Ministry of Defence, the Ministry of the Interior, the Ministry of Economy, and the Ministry of Finance having a three year term of office.
(3) The administrative tasks for the Coordination Body shall be performed by the Ministry of Foreign Affairs.

V. RECORDS KEEPING ON THE IMPLEMENTATION OF RESTRICTIVE MEASURES

Article 14

(1) The Ministry of Foreign Affairs shall keep a Registry of Decisions of the Government of the Republic of Macedonia referred to in Article 6 of this Law.
(2) The format, contents and manner of keeping the Registry referred to in paragraph (1) of this Article shall be prescribed by the Minister of Foreign Affairs.

Article 15

(1) Competent bodies designated under a Decision of the Government of the Republic of Macedonia referred to in Article 6, paragraph (1) of this Law shall keep records of the implementation of restrictive measures which shall contain the following data:
a) with respect to restrictive measures applying to natural persons:
-name and surname of the person,
-date, place and country of birth,
-address of residence or domicile of the person,
-nationality,
-number of identification document and/or travel document,
-data on assets and property that the person has on the territory of the Republic of Macedonia,
-data on instituted misdemeanour proceedings against violation or attempts of violation of international restrictive measures;
-other data envisaged under the Decision introducing restrictive measures; and
b) with respect to restrictive measures applying to legal persons:
-name and seat of the legal person;
-data on the founder and founding capital;
-name and surname of the manager and of other authorized persons of the legal entity,
-data on assets and property that the legal person has on the territory of the Republic of Macedonia;
-data on instituted misdemeanour proceedings against violation or attempts of violation of international restrictive measures;
-other data envisaged under the Decision introducing restrictive measures.
(2) The official in charge of the responsible body designated under a Decision of the Government of the Republic of Macedonia, referred to in Article 6, paragraph (1) of this Law shall prescribe the format and manner of keeping records referred to in paragraph (1) of this Article.

VI. MISDEMEANOUR PROVISIONS

Article 16

(1) A misdemeanour fine of 500 up to 1000 Euros in Denar counter value shall be imposed on any natural person that shall not enable the implementation of a restrictive measure in line with Article 7 of this Law.
(2) A misdemeanour fine of 1000 up to 5000 Euros in Denar counter value shall be imposed on any legal person that shall not enable the implementation of a restrictive measure in line with Article 7 of this Law.

(3) A misdemeanour fine of 700 up to 2000 Euros in Denar counter value shall be imposed on the responsible person at the legal entity that shall not enable the implementation of a restrictive measure in line with Article 7 of this Law.

Article 17

Misdemeanour proceedings shall be processed and the misdemeanour sanctions shall be imposed by the competent court.

VII. TRANSITIONAL AND FINAL PROVISIONS

Article 18

Secondary legislation envisaged under this Law shall be adopted within six months from the date of entry into force of this Law.

Article 19

The Coordination Body referred to in Article 13 of this Law shall be established within 6 months from the date of entry into force of this Law.

Article 20

The Law on International Restrictive Measures (Official Gazette of the Republic of Macedonia No. 36/07) shall case to apply on the date of entry into force of this Law.

Article 21

This Law shall enter into force of the eighth day after its publication in the Official Gazette of the Republic of Macedonia.

-ANNEX 4-

LAW ON SECURITIES

CHAPTER I: BASIC PROVISIONS AND DEFINITIONS

Scope of the Law

Article 1

(1) This Law regulates: the manner and conditions for the issuance and trading with Securities; the manner of and conditions for registration of Securities, clearance and settlement of purchase and sale transactions with respect to Securities, and execution of Non-Trade Transfers and restrictions on the rights arising from Securities; the manner and conditions for functioning of the capital market and of the licensed market participants; disclosure obligations of joint stock companies with special notification obligations, members of managing bodies, directors and certain shareholders; prohibited conduct with respect to operations with Securities; the status and authorities of the Securities and Exchange Commission of the Republic of Macedonia; manner and conditions for managing the bankruptcy and liquidation of licensed market intermediaries; and other issues with regard to securities.

(2) Provisions of the Law on Trade Companies, Law on Bankruptcy and Law on General Administrative Procedures, shall apply to all matters that are not addressed by this Law.

Definitions

Article 2

Certain terms used in this Law shall have the following meaning:

(1) "Share" shall mean a security which is an indivisible and ideal ownership interest in the basic capital of a joint stock company or limited partnership by shares. Shares may be ordinary or preferential;

(2) "Joint stock company with special reporting requirements" shall mean a company that has either made a public offering of securities, or that has a basic capital of 1.000.000 euro in counter denar value and more than 50 shareholders or that is listed in the stock exchange;

(3) "Request for approval" shall mean a written request submitted to the Commission by the issuer of securities for permission to make a public or private offering;

(4) "NBRM bill" shall mean a short-term security issued by the National Bank of the Republic of Macedonia, which is sold at discounted value, where the owner pays for its nominal value, on the date when it matures;

(5) "Inside information" shall mean any price sensitive information that has not been made public via the print or electronic media.

(5-a) "Business secret " shall mean data, document or information that authorized participant of the securities market obtain during its operations, from legal entity or natural person and that should keep confidential and adequately protect.

(6) "Dematerialized security" shall mean, with respect to any Security, the existence in an electronic record of such Security;

(7) "Derivative financial instruments" shall mean any instrument, the price of which directly or indirectly depends on the price of securities, commodities, foreign currencies, Securities indices or interest rates, other than depository receipts;

(8) "Futures contract" shall mean a standardized contract for future sale of securities, foreign currencies, commodities, securities indices or interest rates pursuant to which one of the contracting parties is obliged to deliver the underlying asset and the other contracting party undertakes to pay the agreed-upon price on a previously agreed date;

(9) "Option contract" shall mean a standardized contract for the future purchase or sale of securities, foreign currency, commodity, securities indices or interest rates pursuant to which one of the contracting parties to the contract maintains the right, but not an obligation, to buy or sell

the underlying asset at a previously agreed upon price on any business day up to and including the day on which the agreed period expires and for which the other party undertakes an obligation to unconditionally deliver or pay for the agreed underlying security or other asset, upon the request of the option holder;
(10) “License for operation with securities” shall include a license for a broker and a license for an investment advisor;
(11) “Treasury bill” shall mean a short-term debt security issued by the Republic of Macedonia;
(12) “Deposit interest rate” shall mean an average interest rate paid by commercial banks in the Republic of Macedonia on one-year fixed term denar deposits of natural persons;
(12-a) “Good reputation" shall mean honesty, competence, hardworking and possession of character that makes sure that the person will not act towards jeopardizing the safety and soundness of the brokerage house, Stock Exchange or Central Securities Depositary
(13) “Long-term security” shall mean any security which matures in a period of one calendar year or longer from the day of its issuance;
(14) “Exposure of a brokerage house” shall mean an aggregate of receivables, securities investments and capital investments of a brokerage house;
(15); “Institutional investor " is a bank, an insurance company, open and closed ended investment fund or pension fund and open and closed-ended fund Management Company or pension fund, central banks, national governments and local authorities, the International Monetary Fund, EBRD, EIB and the financial holding company;
(16) “Public offering” shall mean a public invitation for subscription and purchase of securities, published in public media;
(17) **“**Commercial bill” shall mean a short-term debt security issued by a joint stock company or limited partnership by shares binding the issuer thereof to pay the owner thereof the nominal value on a fixed maturity date and the interest thereon. A commercial bill may have a fixed or floating interest rate, or may be a zero-coupon;
(18) “Commission” is the Securities and Exchange Commission of the Republic of Macedonia, which is an autonomous and independent regulatory body with public authorizations prescribed by this Law, the Law on Investment Funds, Law on Takeover of Joint Stock Companies and all regulations issued on the basis of these laws;
(19) “Qualifying holding” shall mean, with respect to an entity: ownership of the majority of voting rights in such entity or ownership of securities that provide a voting right which if exercised is sufficient to appoint or remove the members of the management board and supervisory board or board of directors;
(19-a) “Qualifing holding” in a brokerage house, stock exchange and depository of securities shall mean any direct or indirect holding which represents 10% or more of the total number of issued shares or issued shares with voting rights in a brokerage house, stock exchange or depositary of securities, irrespective of whether the person acquires the shares alone or together with other related persons;
(20) “Short-term security” shall mean any security that mature in a period of less than one year from the date of its issuance;
(21) “Listing” shall mean placement by a stock exchange of a class of securities in a separate trading tier in accordance with an agreement between a licensed stock exchange and the issuer of the securities that regulates mutual rights and obligations;
(22) “Non-trade transfer” shall mean any transfer of the ownership of the securities that arises on the basis of a gift, inheritance, court decision and realization of a pledge agreement, in accordance with a law;
(23) “Bond” shall mean a long-term debt security, binding the issuer to pay the owner of the Bond, on predetermined dates, the nominal value of the bond and interest thereon... A Bond may be secured or unsecured, may have a fixed or floating interest rate, may be zero-coupon, may require interest and/or payments in pre-determined installments, may be redeemable by either

party under certain circumstances and/or may contain certain rights entitling the owner thereof to convert the Bond into other type security of the issuer;
(24) "Licensed securities market participant" shall mean any natural person or legal entity involved in the operation of the securities market who has received an operating license from the Commission, including any securities depository, any stock exchange, any brokerage house, bank, broker or investment advisor;
(25) "Average market price of shares" shall be the weighted arithmetic average of all prices of all trade transactions, with the exception of block transactions, with a defined security on one day of trading in a licensed stock exchange. The weight is actually the quantity of traded securities;
(26) "Prospectus" shall mean a written document which contains all the relevant information that enables a purchaser of securities described in the document, to make an assessment as to the issuer's legal standing, financial standing and business operation, risks of investment and rights that derive from the offered securities;
(27) "Primary market" shall mean the initial sale of the securities by the issuers, i.e. the initial subscription and payment of the securities;
(28) "Private Offering" shall mean an offer for subscription and payment of securities made to: no more than 20 persons who are not shareholders in the joint stock company and who are not related persons with the shareholders in the joint stock company, and which are individually identified in the issuance act of such securities or it refers to institutional investors only, with the exception to the private offering under Article 27 paragraph 6 of this Law;
(29) "Affiliate" shall mean related legal entities, related natural persons and a natural person related to a legal entity;
(30) ""Related legal entities" shall mean a legal entity which owns, directly or indirectly at least 20% of the voting shares of the other legal entity; a legal entity 50% of whose members of the Board of Directors or Supervisory Board or Management Board, as the case may be, are also members of the Board of Directors, Supervisory Board or Management Board, as the case may be of the other legal entity; a legal entity which, as defined by the Law on Trade Companies has significant participation, majority participation or mutual participation in the other entity; two legal entities which are controlled by the same legal entity or entities or natural persons or persons and a legal entity which on some other basis is controlled by other legal entity;
(31) "Related individual persons" shall mean natural persons who are: related by adoption or marriage; are siblings, parents, children, grandparents or grandchildren of each other; are otherwise related by kinship to the second degree or have lived together in lasting community for at least five years uninterruptedly, in a relationship of foster parent and child, step-parent and step-child or daughter/son-in-law and mother/father-in-law;
(32) "Individual person related to a legal entity" shall mean a natural person who, with respect to a legal entity directly or indirectly owns at least 20% of the voting shares of the entity or in some other way have a qualifying holding in the entity. The Commission shall in more details prescribe the conditions for additional determination of related persons;
(33) "Settlement" is a process of meeting the liabilities of the licensed securities market participants arising from the concluded trade transaction on the secondary market, i.e. performance of the payment by the buyer and transfer of the securities ownership by the seller;
(34) "Depository Receipts" shall mean evidence of ownership in a foreign security not other wises offered, sold or traded in Republic of Macedonia created for the purpose of enabling the with foreign securities in the Republic of Macedonia;
(35) "Repurchase agreement" is a prompt sale/buying of securities agreement including an obligation of the seller/buyer for re – purchase / re – sale of the same or similar securities on a future date at a pre – determined price;
(36) "Self-regulatory organization" shall mean a legal entity whose members and/or shareholders are licensed securities market participants and which adopts rules and procedures designed to enforce the rules of the organization and securities legislation of the Republic of Macedonia

through investigation, adjudication and in the case of violations found, the imposition of disciplinary and other measures;
(37) "Serial securities" shall mean any Securities issued at the same time by the same issuer, conferring equal rights and obligations upon all of the owners thereof;
(38) "Secondary market" shall mean any purchase or sale of previously issued securities;
(39) "Certificate of deposit" shall mean any debt security, issued by a licensed bank based on money deposited with the issuer which the deposit is recorded in a separate account with the issuer and which binds the issuer to pay the amount of the deposit and interest thereon to the certificate owner within a determined period of time. A certificate of deposit may be freely negotiable and may be issued as a serial security. A certificate of deposit may be a long-term security or a short-term security, may have a fixed or floating interest rate or be zero-coupon and shall have a fixed maturity date which may be subject to renewal, upon request of the owner, with proper notice requirements.
(40) "Treasury shares" shall be the shares previously issued and sold by a joint stock company or limited partnership by shares which later on are acquired by the company on various basis;
(40-a) "Personal assets " are assets that include the core capital, reserves and other-categories of own capital calculated according to the Regulation of the categories of personal assets and manner of calculation the value of personal assets of the brokerage house.
(41) "Trade transactions" shall mean transfer of the ownership of a security on the secondary market resulting from a purchase or sale of the security;
(42) "Clearance" shall mean a several–phase process that consists of: identification of licenses securities market participants that concluded trade transaction in the secondary market, identification of the securities that were traded, quantity of the securities that were traded and the price at which the transaction was concluded; confirmation of the elements of the trade transaction by the licenses securities market participants that concluded it; and calculation of the obligations between the licenses securities market participants that concluded trade transaction in the secondary market;
(43) "Financial statement" shall be comprised of an entity's balance sheet, income statement, statement of changes in basic capital and statement of cash flows.
(44) "Securities" shall mean any of the following instruments:

(a) Shares in trade companies;
(b) Bonds
(c) Money-Market Instruments;
(d) Shares in investment funds which operated pursuant to the Law on Investment Funds;
(e) Derivative Financial Instruments;
(f) Depository Receipts; and
(g) Other financial instruments determined as Securities according to the Commission;

(45) "Price sensitive information" shall mean data of a precise nature relating directly or indirectly to an issuer of securities and which, if it were made public, would either be likely to have a significant effect on the prices of such issuer's securities or an investor's decision to purchase, sell or hold such securities.

II. ISSUANCE, OFFER AND SALE OF SECURITIES

Issuers of Securities

Article 3

Securities may be issued by the Ministry of Finance on behalf of the Republic of Macedonia, the National Bank of the Republic of Macedonia, municipalities and the City of Skopje, joint stock companies, limited partnerships by shares or any other domestic or foreign legal entities (hereinafter: the issuer) in accordance to this or other law.

Dematerialized Securities

Article 4

Securities may be issued in a dematerialized form only.

Obligations of Issuers

Article 5

An issuer of a security shall comply with all obligations emerging from such securities, as defined by this or other law.

Nominal Value and Currency of Securities

Article 6

(1) Securities shall be clearly denominated with their nominal value.
(2) Securities shall be denominated in Denars or in a foreign currency.
(3) Trade Transactions with Securities within the territory of the Republic of Macedonia shall be conducted in Denars**.**
(4) The issuance of securities without a nominal value shall be prohibited.
(5) Securities issued without nominal value shall be null.

Act of issuance for Securities

Article 7

(1) With respect to each issuance of securities, the issuer thereof shall prepare an act of issuance which depending on the type of securities shall contain the following information:
- name of issuer;
- type of security;
- purpose for which securities are issued;
- type and class of shares;
- name of guarantor;
- series of security;
- aggregate value of securities offered;
- nominal value of the security;
- voting rights;
- manner of payment of dividend;
- interest rate, method of calculation and payment thereof;
- the amount of basic capital of the issuer and the percentage of participation of the issue of bonds in the issuer's fixed capital;
- convertibility features;
- sources of funds from which securities shall be repaid;
- method and time of security subscription;
- quantity and denomination of securities;
- method and deadline for payment of subscribed securities;
- pre-emption rights and priority of execution of such rights with respect to multiple series of shares;
- manner of announcing securities issuance;
- securities allocation procedure;
- rights attaching to preferred shares;
- identity of known buyers if the issuance is a private offering**;** and
- sales price of securities.

(2) The Commission shall prescribe the form and contents of the act on issuance of securities by types of securities.

Value of Issuances of Securities

Article 8

(1) An issuer that is a joint stock company or limited partnership by shares may issue any amount of new Shares, as authorized by the issuer's Statute.

(2) The total nominal value of a single issuance of Bonds or Commercial Bills, which are not guaranteed by a bank or the Republic of Macedonia, shall not exceed the amount of the issuer's basic capital.

(3) If an issuance of Bonds or Commercial Bills is guaranteed by a bank, or the Republic of Macedonia, the highest value of the issuance shall not exceed the amount of the basic capital and the amount of the issued guarantee.

Approval for Issuance of Securities

Article 9

(1) The issuance of the securities in the Primary Market including treasury shares shall be carried out only upon approval granted by the Commission except in cases from the Article 26 and 29 of this Law.

(2) The issuance of Securities in the Primary Market including Treasury shares may be carried out through a Public Offer and Private Offering.

Option and Futures Contract and other Derivative Financial Instruments

Article 10

The manner and procedure of issuance, offer and sale of Options and Futures Contracts and other derivative financial instruments on the Primary Market, trade transactions in these derivative financial instruments in the Secondary Market and the clearance and settlement of trade transactions in these instruments shall be prescribed in more details by the Commission.

Depository Receipt

Article 11

(1) "Depositary receipt issued, offered and sold in the Republic of Macedonia presents a proof of ownership of one or more ordinary shares, preferential shares or debt securities issued abroad, listed on Stock Exchange or traded on another regulated market in the countries of OECD or the European Union, or debt securities issued or guaranteed by the governments of the countries of the OECD or European Union or the Central Bank from any of those countries..

(2) The issuer of depositary receipt can be a bank that has obtained permission of the National Bank of the Republic of Macedonia for sale, supply and guarantee an issuance of securities and permit the Commission to perform all the services stated in Article 94 of this Law.

(3) The issuer of depositary receipt can be a brokerage house with permission by the Commission to perform all services provided in Article 94 of this Law

(4) For issuance of depositary receipt the following conditions needs to be fulfilled:

- Foreign securities, for which depositary receipt are issued in the Republic of Macedonia should be issued in dematerialized form and be registered in official Depository of Securities in the home country of the issuer,

- The issuer of the receipt for foreign securities must have an account of securities in the Depository of Securities in the home country of the issuer of foreign securities, on which the ownership right of foreign securities for which a depositary receipt is issued in Republic of Macedonia is recorded and

-The issuer of the depositary receipt for foreign securities to ensure that on his account of securities from line 2 of this paragraph, the restrictions for disposal of securities for which the depositary receipt is issued in the Republic of Macedonia will be written

(5) The act for issuance of depository receipt defines that the income acquired for the securities under paragraph (1) of this Article, whether in the form of interest, dividend or any other form shall be distributed to the holder of the depository receipt and may not be reinvested in the security on the grounds of which the depository receipt was issued.
(6) The act for issuance depository receipt specifically defines that the income acquired in course of maturity of debt securities under paragraph (5) of this Article or other securities that have a maturity deadline, shall be distributed to the holder of the depository receipt and may not be reinvested in the security on the grounds of which the depository receipt was issued.
(7) The depository receipt shall contain the words "depository receipt" in its name.
(8) Provisions of this Law that apply to issuance, purchasing, sale, non-trade transfer, the reporting requirements of the issuer and the Commission authority with regard to other securities, shall equally apply to depository receipts.

2. Public Offerings

Requirement for Approval for Public Offerings of Securities

Article 12

The issuance, offer and sale of securities shall be carried out upon approval granted by the Commission to the request for issuance of securities through public offer.

Contents of the Request for Approval for Issuing Securities through Public Offer

Article 13

(1) The issuer shall submit a Request for Approval to the Commission in order to issue Securities through the process of public offer.
(2) The Request for Approval shall consist of the following:
- basic data about the issuer of the Securities;
- basic data about the persons on the Supervisory Board and Management Board or the Board of Directors of the issuer
- basic data about the Security to be issued; and
- data about the business of the issuer and the use of proceeds from the emission of the Securities.
(3) The Commission shall prescribe the contents of the Request for Approval for issuance of Securities, per types of issuers and per types of Securities, through the process of public offer.

Documents Submitted with the Request for Approval

Article 14

(1) When submitting a Request for Approval, the issuer shall also submit the following documentation:
a) Statute of the company;
b) Trade registration;
c) Financial Statements for the previous three years compiled in accordance with the International Financial Reporting Standards;
d) Report of a certified auditor for the previous three years conforming to International Standards of Auditing;
e) Act for issuing Securities;
f) A statement of the management, appointing a person who is designated by the issuer as the one who is responsible for the contents of the Prospectus and who assures that:
- the issuance is in compliance with this Law and the act of issuance;
- the data and information contained in the Request for Approval are true and correct; and
- the data and information contained in the Prospectus are true and correct and the Prospectus does not omit any Price Sensitive Information, except omissions approved by the Commission;

g) A proposed Prospectus and invitation to subscribe and pay for the Securities and other information for purchasers;
h) Other documents that the Commission further requires.
(2) In the event that the Request for Approval relates to a second or further public offer of Shares the issuer shall submit the following data:
a) Value of the previous approved and realized sales; and
b) Type and quantity of the previously issued securities, with a description of the rights deriving from them and their nominal value.
c) Other information related to the issued securities according to regulations issued by the Commission
(3) The fees for reviewing and approving the Request for Approval for Issue of Securities shall be paid be the issuer in compliance with the Commission's Tariff referred to in Article 227, paragraph (4) of this Law.
(4) The Prospectus referred to in paragraph (1) item g) of this Article is prepared by the issuer of the securities or entity referred to in Article 95 paragraph (1) of this Law that deals with services in securities, and which has received approval to perform all services on securities from Article 94 of this Law
(5) The Commission shall prescribe the form and contents of the Prospectus and the invitation for subscription of securities.

Non-Disclosure of Price-Sensitive Information

Article 15

(1) A legal entity that has submitted a Request for Approval may, in exceptional circumstances, request from the Commission permission not to disclose in its Prospectus certain information in accordance with the provisions of this Chapter if public disclosure of such information would significantly endanger the business secrets of the legal entity and would be contrary to both purchaser's and current shareholder's interest and if the legal entity is able to guarantee that such data would not other wise be disclosed to the public.
(2) The approval of the Commission for nondisclosure of price-sensitive information referred to in paragraph (1) of this Article shall be published in the Prospectus.
(3) The Commission shall prescribe the contents, method and deadlines for submission of the request referred to in paragraph (1) of this Article.

Decisions on Requests for Approval

Article 16

(1) The Commission shall, based on the entire documentation, issue a formal decision to approve or reject a Request for Approval of Issue of Securities by way of public offer not later than sixty (60) calendar days following the day of submission of the Request.
(2) Based on the information and documentation submitted pursuant to Articles 13 and 14 of this Law, the Commission shall decide whether to approve or reject the Request for Approval.
(3) The Commission shall reject the Request for Approval if it finds out that the Prospectus:

(a) fails to comply in any substantial respect with this Law or the regulations deriving under this Law;

(b) contains any promise, statement, estimate or forecast that is misleading, false or deceptive; and

(c) contains a misrepresentation or omits important information.

(4) If the Commission issues an approval for issuance of securities, the Prospectus submitted pursuant to Article 14 paragraph (1) Item (g) of this Article shall be deemed approved.

Commencement of Procedure for Subscription and Payment in of Securities

Article 17

(1) The issuer shall begin the procedure for subscription and payment for publicly offered Securities within, but not later than, thirty (30) calendar days following the date of receipt of the Commission's approval pursuant to Article 16 of this Law.

(2) In the event that the Commission, having approved an issue, obtains information which, had it been obtained in due time, would have been a reason to deny the Request for Approval, if the circumstances have changed to such an extent that the Commission will no longer grant its approval and/or the issuer or any affiliated person issues an advertisement that violates Article 20 of this Law, the Commission may issue a decision to cancel its decision, and the issuer shall immediately cease any further sale of Securities.

(3) If the Commission cancels the decision pursuant to Paragraph (2) of this Article, all subscriptions for the Securities shall be cancelled and any payments received by the issuer for such Securities shall be returned to the purchaser together with interest calculated at the deposit interest rate...

Publishing of Invitation for Subscription and Payment in and Prospectus

Article 18

(1) The issuer shall publish an invitation for subscription for and payment of its Securities in the Macedonian language and Cyrillic alphabet in a daily newspaper published on the territory of the Republic of Macedonia, fourteen (14) calendar days prior to the commencement of the subscription for Securities.

(2) The invitation from paragraph 1 of this Article may also be published in a daily newspaper published on the territory of the Republic of Macedonia in one of the languages of the ethnic communities which are not majority in the Republic of Macedonia.

(3) The issuer shall publish the Prospectus and invitation for subscription and payment of the Securities on the stock exchange's web page (14) calendar days prior to the commencement of the subscription for Securities.

(4) The Prospectus shall be made available to all interested parties in the premises of the issuer and in all locations at which the applicable Securities may be subscribed for and paid.

(5) The final contents of the Prospectus as published and made available to interested parties shall not differ from the version of the Prospectus approved by the Commission when granting the Request for Approval.

Change in Circumstances during Public Offer

Article 19

(1) During the course of a public offer, the issuer shall not change the charter and its general acts related to the rights of Security owners that are described in the Prospectus.

(2) Should, during the course of a public offering, any Price Sensitive Information in the Prospectus cease to be true and accurate or should new information become available which would be important to an investor's purchase decision in the course of the public offering, the issuer shall immediately terminate the public offer of the Securities; notify the Commission and the public; and seek the Commission's approval to undertake appropriate amendments of the Prospectus within 3 business days from the date when the public offer was cancelled. Such amendments must be made public within three (3) business days upon receiving approval from the Commission. The issuer shall deliver an updated Prospectus to all persons who previously subscribed to Securities during the offer, along with a notice to the subscribers of their right of waiver pursuant to paragraph (3) of this Article.

(3) Any person who had subscribed and/or paid for such Securities on the basis of the original Prospectus shall, within fifteen (15) calendar days of receiving an amended Prospectus, be entitled to cancel their subscription and receive a full refund of any monies paid for such Securities, together with interest calculated according to the deposit interest rate.

Advertising of Public Offer

Article 20

(1) An issuer of Securities may issue advertisements in conjunction with a public offer of Securities.
(2) All advertisements relating to a public offer of Securities shall include information on the day of the first publishing of the Prospectus and the location where a copy of it may be obtained.
(3) Advertisements shall have promotional nature. The information in an advertisement shall not be inaccurate or misleading and shall be consistent with the information contained in the Prospectus.

Subscription Procedure

Article 21

(1) Subscription for publicly offered Securities shall be carried out through official Stock Exchange that concluded a contract with the issuer.
(2) Licensed securities market participants shall ensure that the subscription for Securities complies with this Law, act for issuing of Securities and the Prospectus
(3) During the subscription period, all amounts paid by a purchaser for offered Securities shall be kept in a special bank account and such funds may not be withdrawn or used by an issuer until the offering has been successfully closed in accordance with Article 23 of this Law.
(4) Any amounts paid by an investor during a subscription period shall not be considered part of the bankruptcy estate of the issuer in the event that the issuer becomes insolvent or is subject to bankruptcy proceedings at any time prior to the successful close of an offer in accordance with Article 23 of this Law.
(5) In the event that the issuer becomes insolvent or subject to bankruptcy proceedings, the public offer shall be automatically cancelled and subscribers' payments shall be returned according to Article 23, paragraph (2) of this Law.
(6) The Commission shall prescribe the manner and procedure for subscription of Securities.

Public Offer Realization Deadline

Article 22

The public offer of Securities shall be conducted no longer than twelve (12) months after the day stipulated in the Prospectus for the commencement of subscribing and paying in of the Securities.

Closing of a Public Offer

Article 23

(1) The public offer shall be deemed successful if, within the deadline set forth in Article 22, at least 60% of the Securities offered in the Prospectus are subscribed for, unless a higher threshold is stipulated by the issuer in the Prospectus.
(2) If the public offer is not realized as referred to in paragraph (1) of this Article, it shall be considered unsuccessful and all subscriptions for the offered Securities shall be rescinded and any payments received for the offered Securities shall be refunded to the investors together with interest calculated according to the deposit interest rate.
(3) The issuer may close the offer within the deadline set forth in Article 22 of this Law, provided that more than 60% of the offered Securities or more than the threshold stipulated by the issuer in the Prospectus have been subscribed and paid for. In this event the issuer shall notify the Commission and the public at least 15 (fifteen) days prior to the closing date. The issuer may not close an offering prior to the date that the issuer has set as a date for closing the public offer.

(4) After the public offer has been closed in accordance with paragraphs (1) and (3) of this Article, all of the Securities which have not been paid shall not be subject to sale.
(5) Upon successful closing of the public offer the issuer shall register the Securities with a licensed securities depository.
(6) During the public offer, no trading in the Secondary Market in the Securities being offered may occur until the Securities are registered with the authorized depository.
(7) The Commission shall prescribe the required content of the notification required under paragraph (3) of this Article.

Reporting on the Outcome of the Public Offer

Article 24

(1) Not later than fifteen (15) calendar days following the close of a public offer, the issuer shall notify the Commission of the quantity of the subscribed and paid Securities i.e., the realization percentage.
(2) The Commission shall prescribe the required content of the notification of the subscribed and paid Securities (i.e., the realization percentage.)
(3) The issuer shall publish the information set forth in Paragraph (1) of this Article in at least one daily newspaper published on the entire territory of the Republic of Macedonia in the Macedonian language and its Cyrillic alphabet or in a language of the ethnic communities which are not majority in the Republic of Macedonia no later than fifteen (15) calendar days after the offering is closed.
(4) In case the issuer is to provide consent of another entity on the registration of Securities sold, the notification to the Commission under paragraph (1) of this Article shall be submitted following the provision of such consent.

Offer for Sale of Treasury Shares

Article 25

(1) A joint stock company and limited partnership by shares intending to offer for sale Treasury Shares shall notify the Commission and submit the decision on resale of treasury shares.
(2) All offers for sales of Treasury Shares shall be considered as Public Offer, unless the offer qualifies as an exemption to granting approval in accordance to Article 26 or private offering in accordance to Article 27 of this Law.
(3) During the sale of Treasury Shares, the provisions of this Law that refer to issue of securities shall apply.

3. Exemptions from Granting Approval for Issue of Securities
Offer in Amount Lower than 25,000 Euros in Denar Counter Value

Article 26

(1) Commission's approval shall not be required for any issuance of Securities by way of public or private offer where the value of the sale does not exceed 25,000 Euros in denar counter value.
(2) An issuer of Securities referred to in paragraph (1) of this Article shall notify the Commission of such offer and submit to the Commission an act of issuance with respect to the Securities, as well as provide a public announcement regarding this offer.
(3) An issuer may make an issuance of Securities without Commission's approval pursuant to paragraph (1) of this Article no more than once every two (2) calendar years.
(4) The Commission shall prescribe the contents of the notification referred to in paragraph (2) of this Article.

4. Private Offer
Procedure for Realization of Private Offer

Article 27

(1) In the event of a Private Offer, the issuer shall submit to the Commission its request for approval of private offer, an act of issuance of securities and a proposed announcement to the public for issue of the Private Offer.
(2) The Commission shall issue a decision for approving or denying the application for a Private Offer within fifteen (15) calendar days from the date of submission of the request for approval referred to in paragraph (1) of this Article.
(3) On the basis of the information and documentation under paragraph (1) of this Article, the Commission shall decide whether to approve or deny the request for approval of the private offer.
(4) Securities subject to the private offer shall be paid in within fifteen (15) calendar days from the date when the decision under paragraph (2) of this article becomes final.
(5) The issuer shall, at the latest within 5 business days upon conclusion of the private offer, inform the Commission and the public regarding the quantity of subscribed and paid in securities, i.e. the percentage of realization of the issue.
(6) The procedure for realization of the private offer pursuant to this Law shall also apply in cases of increase of basic capital of company's assets in the form of new shares, regardless of the number of shareholders who acquire new shares.
(7) The issuer may make a private offer of securities pursuant to the provisions of this law under the same condition only once during one calendar year.
(8) The fees for review and approval of the request for approval shall be paid by the issuer pursuant to the Commission's Tariff of article 227 paragraph (4) of this Law.
(9) The Commission shall prescribe the form and contents of the request for approval of private offer, of the announcement under paragraph (4) and of the notification under paragraph (5) of this Article.

Change of Purchasers in Private Offer

Article 28

(1) If the identity of any of the named purchasers is changed in the course of a Private Offer, the issuer shall seek the Commission's approval on the change.
(2) If the identity of any of the named purchasers is changed, the issuer shall submit a revised act of issuance with correct information concerning the purchasers' identities.
(4) The Commission may nullify any Private Offer, which results in a sale of Securities to a purchaser not identified in the issuer's act of issuance.

5. Exemptions for Which No Approval from the Commission is required

Article 29

The requirements set forth in this chapter shall not apply to:
(a) securities issued or guaranteed by the Republic of Macedonia;
(b) securities issued by the National Bank of the Republic of Macedonia;
(c) securities issued upon a transformation procedure of one form of a legal entity into a joint stock company or limited partnership by shares, provided that the amount of the basic capital of the entity remains unchanged and all holders receive their pro rata amount of newly-issued Shares;
(d) securities issued upon the simultaneous founding of a joint stock company or limited partnership by shares.
(e) certificates of deposit not issued as serial securities;
(f) stock splits in certain proportion where the basic capital remain unchanged.

III. SECURITIES DEPOSITORY, REGISTRATION OF SECURITIES, EXECUTION OF NON-TRADE TRANSFERS AND SETTLEMENT OF TRADE TRANSACTIONS

1. Securities Depository

Registration of Securities, Settlement of Trade Transactions and Non-Trade Transfers

Article 30

(1) A securities depository (hereinafter, "Depository") shall be established for registration of Securities, execution of Non-Trade Transfers and for settlement of Trade Transactions in the Republic of Macedonia.
(2) The Depository shall function as a self-regulatory organization.

Ownership Rights of Securities

Article 31

(1) Ownership rights of Securities are created upon subscribing the Security into the owner's account with the Depository and they are transferred by subscribing them into the account of the new owner with the Depository.
(2) Rights conferred by Securities may be obtained, limited or transferred only by means of appropriate subscription in the securities accounts of the Depository, unless otherwise provided by law.
(3) All data recorded at the Depository pertaining to the ownership of Securities shall be deemed to be true and accurate.
(4) An excerpt of the statement of balance of a securities account provided by a Depository to an owner of Securities pursuant to paragraph (2) or (3) of Article 67 of this Law shall be considered as proof of ownership rights of such Securities as of the date and time such statement was issued.

Depository Functions

Article 32

(1) The functions of the Depository shall be:
(a) registration of issuances and transfers of all Securities issued in the Republic of Macedonia in electronic form (keeping a Register of Securities);
(b) issuance of international securities identification number ("ISIN") for all issued Securities;
(c) registration of the owners of Securities;
(d) settlement of Trade Transactions according to the "delivery versus payment" principle;
(e) execution of Non-Trade Transfers
(f) facilitation of the borrowing and lending of Securities;
(g) monitoring the solvency of its members for the purposes of risk management in cases of non-settlement of trade transaction;
(h) providing additional services to issuers of Securities;
(2) The Depository may also render the following additional services on behalf of issuers of Securities:
(a) submission of an updated list of all current owners of such issuer's Securities;
(b) other services related to issued Securities such as calculation and payment of dividend and/or interest, notifications to shareholders of shareholder assemblies etc.

License to Establish a Depository

Article 33

(1) A legal entity may not conduct the functions in Article 32, paragraph (1) of this Law without obtaining a license from the Commission for establishment of a depository in accordance with Article 43 of this Law.
(2) No legal entity may register in the Trade Companies Register under the name "securities depository", nor may it operate using the name "securities depository" unless it has obtained a license for establishment and operation as a Depository.

Establishment of a Depository

Article 34

(1) A Depository shall be founded as a joint stock company with a registered office in the Republic of Macedonia in accordance with the Law on Trade Companies and this Law.
(2) A Depository may be founded by brokerage houses, banks, insurance companies or fund management companies.
(3) A Depository must possess and maintain at all times a Minimum Basic Capital in the amount of at least 500,000 Euros (in Denar counter value calculated according to the average exchange rate of the NBRM), commencing on the date of receipt of a license to establish and operate as a depository.
(4) The Commission shall more closely prescribe the required structure and the manner of calculation of the Minimum Basic Capital for a Depository.

Ownership Rights in a Depository

Article 35

(1) Shareholders in Depositary may be only brokerage houses, banks, insurance companies or fund management companies.
(2) Legal entities referred to in paragraph (1) of this Article and their affiliated persons may acquire qualified holding of shares only in one depositary.
(3) Investment in the equity capital of the Depositary may be returned to the shareholders in the Depositary on a proportional basis only in a case of a permanent cessation of operation of the depositary and after previously settlement of all obligations of the Depositary.
(4) Owners of the Depositary shares may sell their shares only to persons referred to in paragraph (1) of this Article.

Board of Directors of Depository

Article 36

(1) A member of the Board of Directors or Supervisory and Management Board, as the case may be, of a Depository, may be each person that has a higher education and experience in the field of finance and business law for at least three (3) years. However, this person may not be:
(c) a person against whom a security measure - prohibition to perform a profession, activity or duty has been enforced.
In case of deleting the verdict under items a) and b) of this paragraph, provisions of the Criminal Code shall respectively apply.
(2) In the case of a Depository with a two-tier management structure, at least 1/3 of the members Management Board and Supervisory Board shall be individuals who are not employed by or otherwise affiliated with the Depository, any shareholder or member of the Depository or other legal entity which is a Licensed Securities Market Participant.
(3) In the case of a Depository with a one-tier management structure, at least 1/3 of the members of Board of Directors shall be individuals who are not employed by or otherwise affiliated with the Depository, any shareholder or member of the Depository, or any legal entity that is a Licensed Securities Market Participant.

Statute of Depository

Article 37

A Depository Statute, in addition to issues determined in the Law on Trade Companies, shall determine the following:
(a) conditions for acquiring a membership in the Depository and their rights and duties;
(b) conditions, criteria and documentation for admission of individual members in the Depository and their rights and duties;

(c) reasons for denying certain Depository members the right to participate in Depository operations;
(d) basic principles of operation of the Depository;
(e) method of audit conducted by the Depository itself over operations carried out by the Depository and its members;
(f) the method of resolution of disputes between members of the Depository, clients and members;
(g) the method of prevention of abuse of information not accessible to all members of the Depository;
(h) the method of prevention of abuse and failure to settle Trade Transactions.
(i) the method of organizing information systems; and
(j) other issues important for the operation of the Depository.

Members of a Depository

Article 38

(1) Only Licensed Securities Market Participants that are registered in the Trade Companies Register may be members of a Depository.
(2) A member of the Depository may not be required to become a shareholder of the Depository.
(3) A Depository shall adopt Membership Rules that closely determine membership criteria and duties and rights of members of the Depository in accordance to this Law and the Statute of the Depository
(4) A Depository shall be obliged to allow any entity meeting the conditions laid down in its Membership Rules to become a member of the Depository.
(5) The Depository's Membership Rules shall require that a Depository member shall:
(a) be licensed by the Commission for performing services with respect to Securities;
(b) be adequately equipped in terms of organization and technical equipment; and
(c) satisfy any other criteria as the Commission and the Depository may prescribe;
(d) submit copies of the financial reports to the Depository as filed to the Commission pursuant to this Law.
(6) The Depository's Membership Rules shall require that an entity applying for membership shall submit the following:
(a) application in writing in the form and contents as determined by the Depository;
(b) a copy of its Statute;
(c) a copy of its license for performing services related to Securities as issued by the Commission; and
(d) any additional information as the Depository may require under its membership rules.
(7) Licensed Securities Market Participants that are denied membership in a Depository may appeal the Depository's decision to the Commission within fifteen (15) calendar days of receipt of the decision.
(8) All Depository members shall comply with the Rules of the Depository.

Operating Rules of Depository

Article 39

(1) A Depository shall issue Operating Rules which closely determine:
(a) the manner of maintaining the register of Securities;
(b) the manner and procedure for settlement of Trade Transaction;
(c) the manner and procedure for execution of Non-Trade Transfers;
(d) the manner of maintaining the accounts of Securities owners; and
(e) the means of protecting against errors in operation of the Depository.

(2) A Depository shall establish a system or mechanism for securing continuity of settlement of trade transactions prescribed by the Depository.

Tariff of a Depository

Article 40

All users of services of a Depository shall pay fees in accordance with a tariff adopted by the Depository.

Self-Regulatory Organization

Article 41

(1) The Depository as a Self-Regulatory Organization ("SRO") shall adopt Conduct and Disciplinary Rules designed to enforce the Depository's Rules, the provisions of this Law, regulation issued in accordance to this law or other laws within the Commission's competence.
(2) The Depository's Conduct and Disciplinary Rules shall grant authority to the Depository's General Director to take measures and/or temporarily or permanently revoke a member's right to participate in the operation of the Depository if the member fails to comply with the rules of the Depository or fails to fulfill liabilities under executed transactions with respect to Securities.
(3) A member of the Depository shall have the right to an appeal in compliance with this Law, particularly for the following:
(a) a disciplinary decision made by the Depository's General Director to the Depository's Board of Directors or Management Board, as the case may be, within fifteen (15) calendar days of receipt of such decision; and
(b) a disciplinary decision made by the Depository's Board of Directors or Management Board, as the case may be, to the Commission within fifteen (15) calendar days of receipt of such decision.

Dispute Resolution among Members

Article 42

(1) A licensed securities Depository shall adopt Arbitration Rules designed to closely resolve disputes between members and between members and their clients in a fair, efficient and trustworthy manner.
(2) All disputes between members of the Depository shall be resolved through arbitration. Disputes between members and their clients shall be resolved through arbitration upon request of the client.
(3) A Depository may develop Arbitration Rules in cooperation with other depositories and/or stock exchanges and may jointly apply the same.
(4) The Commission shall approve the Arbitration Rules referred to in paragraph (3) of this Article.

License for Establishing a Depository

Article 43

(1) Founders of a depositary submitting an application to the Commission for a license for establishing a securities depositary shall submit the following:
(a) a written application, in the form and contents as determined by the Commission;
(b) a copy of the proposed Operating Rules, Membership Rules, Conduct and Disciplinary Rules and Arbitration Rules;
(c) draft Statute; and
(d) business plan for the establishment and operation of the Depository which shall include, without limitation:

- proof that the Depository has adequate infrastructure and computer systems to maintain a register of Securities in a manner that fully protects the interest of securities holders and issuers;

- proof that the Depository has sufficient equipment and capability for quick and accurate settlement of Trade Transactions and execution of Non – trade Transfers; and
- proof that the Depository is adequately equipped in terms of staff, technology and organization to perform the functions of a securities depository in compliance with this Law.

(2) The Commission shall decide upon Depository's license application within ninety (90) calendar days from the date of submission of the application to the Commission. The
(3) The Commission shall grant a license to establish a depository if it finds that:
(a) the Membership Rules provide for open and equal access to all licensed securities market participants who meet the requirements form the Rules for Membership;
(b) the Operating Rules provide for a high degree of:

- effective keeping of registry of securities;
- smooth settlement of Trade Transactions;
- open and equal treatment of all members;
- honesty in business dealings;
- protection of confidential information; and
- dissemination of required information.

(c) the Conduct and Disciplinary Rules are adequate to provide for full and fair enforcement of the Depository's rules, this Law and the regulations adopted hereunder;
(d) the Arbitration Rules provide efficient, fair and timely dispute resolution;
(e) the Depository is capable of performing all required operations in terms of staff, technical equipment and organization;
(f) the Depository has at least three employees with a license for operating with securities;
(g) the Depository has adequate information, computer and communication
system to perform registration of securities, settlement of Trade
Transactions and execution of Non-Trade Transfers; and
(h) the Depository shall have organizational departments to provide efficient and uniform performance of Depository functions.
(4) The Commission shall issue a decision for refusal of the application for issuing license for establishing a Depository if it finds that the conditions under paragraph 3 of the Article are not satisfied.
(6) The Commission shall prescribe the manner and procedure for obtaining a license for establishing a Depository.

Liability of Depository

Article 44

A Depository shall be liable for compensation of damages, including lost income, occurring due to inaccuracy or loss of data related to Securities, improper execution of a Trade Transaction or Non-Trade Transfer and/or by violation of its rules, if the conduct arises from negligent activity by the depository's employees, head persons or directors.

Prohibited Acts

Article 45

(1) A Depository may not purchase or otherwise acquire or possess any Security for its own account if it registers such Securities in its own system.
(2) As an exception to paragraph 1 of this Article, the Depository may purchase or otherwise acquire or possess government securities and own Treasury Shares.
(3) No full-time employee of a Depository may be a member of the Supervisory Board and the Management Board or Board of Directors of a shareholder or member of the Depository and may

not perform any services for them or activities on their behalf, outside the scope of his/her responsibilities as a Depository employee.

Acts Subject to Commission's Approval

Article 46

(1) A Depository shall request approval from the Commission for the following:
(a) Statute and any amendments and supplements thereto;
(b) adoption of its Membership Rules, Operating Rules, Arbitration Rules and Conduct and Disciplinary Rules and any amendments thereto;
(c) Tariff book and any amendments thereto; or
(d) Adoption of acts concerning the different manners of connecting or merging with other Depositories.
(2) For the acts under paragraph (1) items a), b) and c) of this article, the Commission shall give approval within 30 calendar days from the date of submission of the request to the Commission, and for the acts referred to in paragraph (1) item d) of this Article within 60 calendar days from the date of submission of the request to the Commission.
(3) For the purpose of protection of investors or securing fair and proper registration of securities, clearing and settlement of the trade transactions and execution of non trade transfers with Securities, the Commission may direct the Depository to introduce amendments or adopt new acts or Rules related to the work and operations of the Depository.

Appointment of a Depository Director

Article 47

(1) The appointment of a Director of a Depository shall be approved by the Commission.
(2) Along with the request for consent for appointment of a Depository Director, the following documents shall be submitted:
(a) short biography of the proposed Director;
(b) resolution of the Depository's authorizing body appointing the proposed Director;
(c) certificate of educational background in the area of economics, finance or business law;
(d) a copy of the license for operating with securities issued by the Commission; and
(e) draft program for the business and development policy of the Depository for the following two (2) years.
(3) The Commission shall approve the appointment of the Director within sixty (60) calendar days from the date of reception of the request referred in paragraph (2) of this Article unless it finds that the proposed Director:
(a) is subject to a security measure that prohibits him/her to perform his/her profession, activity or duty;
(b) is sentenced to imprisonment:

- from the period of effectiveness of the verdict till the day of servicing the sentence and 5 years from the day when he/she serviced the sentence, in the case of conviction up to 3-year imprisonment

In a case of deleting the conviction referred to in the item b) of this paragraph, provisions of the Criminal Code shall apply.
(c) does not possess a license to operate with Securities issued by the Commission;
(e) provided false information in the documents submitted in accordance with paragraph (2) of this Article.
(4) The Commission shall provide a reasonable written explanation in case of not issuing an approval to the candidate proposed for a Director of a Depository.
(4) The Commission shall issue regulations regarding the manner and procedure for the process of appointing a Director of a Depository.

Representation of the Depositary

Article 47-a

(1) The Director of the Depositary represents and presents the Depositary in relations with third parties.

(2) The Director of Depositary could not transfer the right of representation of the Depositary to third persons.

Data Storage and Safekeeping

Article 48

(1) A Depository is obliged to undertake measures to protect the computer system and the data contained therein against unauthorized use and against change and loss.

(2) A Depository shall preserve in a safe place in the original form the original documentation used for making entries in the data storage media for at least five (5) years.

(3) Data recorded on electronic media shall be permanently stored.

(4) A Depository may establish more detailed manners and techniques for protecting the computer system and data contained therein.

Obligation to keep confidential business secret

Article 48-a

(1) The Depositary shall keep as confidential the data and information's for the legal entity or natural person obtained during its operation in accordance with the Law.

(2) Not withstanding paragraph (1) from this Article, the Depositary is obliged to submit data and information that referred to in paragraph (1) from this article only at the request of an authority according to the Law.

Registration of Securities

Article 49

(1) All Securities issued in the Republic of Macedonia shall be registered with a Depository as electronic records.

(2) All Securities shall be registered in the name of the owner of such Security.

(3) An issuer shall submit the securities for registration in the Depositary within three (3) business day after registration of the basic capital in the Trade Register.

(4) Securities issued by an issuer shall be registered in one depositary only.

(5) The issuer may not dispose with the assets deposited on the special account by the day the securities are registered in the depository.

(6) As an exception of paragraph (1) of this Article, the National Bank Bills are registered in the National Bank of the Republic of Macedonia.

Accuracy of Data Maintained by the Depository

Article 50

(1) An issuer of Securities shall be responsible for the submission of accurate information regarding the Securities to be registered with the Depository.

(2) After a Security is registered, a Depository maintains responsibility at all times for the accuracy of data pertaining to that Security.

Contents of Electronic Records

Article 51

The electronic records shall include at minimum the following data:

1. Name, registered office and unique identification number of the issuer;
2. Issuance date;
3. Type of Security (e.g., Shares, Bonds, NBRM Bills);
4. Type and class of Shares (e.g., preferred or common);

5. Identity of owners of Securities (for domestic natural persons: name, address and unique ID number of the citizen; for foreign individuals: name, citizenship and passport number; for all legal entities: name, address and registered office of such entity and unique identification number of the issuer issued by the Central Register of the Republic of Macedonia);
6. Quantity of Securities of the owner ;
7. Nominal value of the Securities ;
8. In the case of Bonds, Certificates of Deposit, NBRM Bills, Treasury Bills and Commercial Bills:
    a. the amount of the interest rate;
    b. method of interest calculation;
    c. payment dates; and
    d. maturity date;
9. In the case of preferred Shares, preferences as to
    a. dividends;
    b. voting right and/or
    c. liquidation proceeds; and
10. Date of registration of the Security in the Depository.

Accounts of Securities

Article 52

(1) The owner of the securities opens accounts of securities in the Depository.
(2) On the accounts of securities that are maintained in the Depository are conduct the conditions, classes , types and volume of securities, the rights of property and holders of the ownership rights on securities, limitation of the ownership right or changes in the ownership rights on securities;
(3) Limitations of the ownership rights and changes in the ownership rights, may derived only from the act of issuing, court decision, decision from NBRM, an act from the Securities and Exchange Commission, an act from the Public Revenue Office and other legal authority according to the Law.

Personal securities accounts

Article 52-a

(1) The Account of securities is on the name of one person as owner of the securities and presents the hole condition of these securities, in ownership of that person(hereinafter: personal securities account)
(2) Every owner of securities must not posses more than one account of securities in the same Depositary,
(3) The members of the Depositary have one account for their own securities in the Depositary and other accounts for realization and settlement of the transactions of clients.

Other accounts of securities

Article 52-b

(1) Notwithstanding Article 52-a from this Law, in the Depositary can be opened account of securities that referred to an authorized member of securities market or on other person, who opens an account in his own name and on behalf of a third person, and that as:
- Proxy account
- Portfolio account
- Custodian account
- Omnibus account.

(2) The proxy account of securities is opened in the Depositary on the basis of regulations that regulate the issue of legal representative or on the basis of a certified Power of Attorney with

which the owner of securities, shall entrust the management and disposal of its securities and fulfilling the rights of those securities, to a third person - as representative.
(3) The portfolio account of securities is opened on the basis of the contract for managing with portfolio of securities, which is on the name of the participant in the securities market that provides services with securities specified in Article 94 point c) of this Act and on which account the securities that are managed by the authorized participant on behalf of the investor are registered - as giver of the order
(4)The custodian account of securities is opened on the basis of an agreement for keeping securities, on the name of an authorized participant in securities market that provides services with securities according to the article 94 item i) from this Law and in the name of the Bank-custodian of the asset of the pension and investment funds and on which account are registered the securities on behalf of third person or persons- clients.
(5)The omnibus account of securities is on the name of the authorized participant in the securities market and/or the Bank - custodian of the asset of pension and investment funds, and on the behalf of individual client non-resident or several clients' non-residents.
The authorized participant on securities market and the bank - custodian of the asset of the pension and the investment funds are obliged to keep separate records for the condition of the securities for each client and at the request of the Commission to submit full data for all clients and the amount of securities in their property.

Authorization of the Depositary of securities
Article 52-c

The manner of opening and managing the accounts of securities by article 52-a and 52-b are describe by the Depositary with its Operating Rules

Contents of Securities Account
Article 53

Each Securities account shall contain the following elements:
(a) type of Securities;
(b) issuer of Securities;
(c) quantity of Security;
(d) the owner's rights reflected in each Security;
(e) identity of owners of securities (for domestic natural persons: name, address and unique ID number; for foreign natural persons: name, citizenship and passport number; for all legal entities: name, address and registered office the entity);
(f) any restrictions on securities ownership rights or changes in securities ownership rights;
(g) other data pertaining to the rights conferred by the Securities

3. Non-Trade Transfers
Permitted Non-Trade Transfers
Article 54

Other than Trade Transactions and the primary market of securities, the ownership of Securities may be acquired or disposed of through the following means:

1. Gift agreement;
2. Foreclosure (realization) upon Securities pledged as collateral
3. Inheritance;
4. Effective court order.

Performing Non-Trade Transfers

Article 55

(1) Transfers of Securities arising from permitted Non-Trade Transfers are performed by entries in a Depository's electronic records.
(2) A Depository may in more details prescribe the execution of the non-trade transfers in its Operating Rules.
(3) The date of recording changes in ownership based on Non-Trade Transfers shall be no later than three (3) business days upon receipt of the required supporting documentation is submitted to the Depository according to this Law or other laws that regulate the transfers prescribed in Article 54 of this Law.

Non-Trade Transfers by Gift

Article 56

Acquisition and termination of ownership rights with respect to a Security on the basis of a gift shall be done on a basis of an agreement for a gift verified by a notary and a stamped receipt from the competent authority evidencing payment of the gift tax.

Non – Trade Transfers by Pledge Agreement Execution

Article 58

Non – Trade Transfer by Pledge Agreement execution shall be performed after a previous procedure conducted for realization of the pledge right on the securities by the pledge in accordance with the Law on Contractual Pledge and after a certificate for deletion of the pledge has been issued by the Central Registry

Non-Trade Transfers Pursuant to Inheritance

Article 59

Acquisition and termination of ownership rights of a Security on the basis of inheritance shall be conducted upon a final court decision.

Non- Trade Transfers Pursuant to Court Decision

Article 60

Acquisition and transfer of ownership rights of a Security on a basis of the court decision shall be performed upon presentation of such final and enforceable court decision to the Depository.

Recordkeeping of Non-Trade Transfers

Article 61

(1) All documentation presented in accordance with Non-Trade Transfers shall be kept by the Depository for a period of five (5) years.
(2) After a non-Trade Transfer is made the Depository shall register the information and the submitted documentation based on which on-trade transfer has been made in an applicable electronic records.

4. Clearance and Settlement of Trade Transactions
Settlement of Trade Transactions Made in the Depository

Article 62

(1) Settlement of all Trade Transactions in Securities shall be carried out in the Depository.
(2) A Depository may perform settlement of Trade Transactions that occur on licensed stock exchanges and markets for Short-term Securities regulated by the National Bank of the Republic of Macedonia.

(3) Provisions under paragraph (1) of this Article shall not apply to settlement of NBRM Bills.
(4) Upon settlement of trade transactions, the transfer monies and transfer of securities arising from the trade transaction shall be considered final and irrevocable.

Delivery versus Payment Settlement Principle

Article 63

Obligations to transfer Securities resulting from Trade Transactions shall be settled by simultaneous change of the right in securities ownership from the seller's account to the buyer's account and payment of the purchase price of Securities, in accordance with the "delivery versus payment" principle.

Timing of Settlement of Transactions

Article 64

Settlement of trade transactions with securities may be carried out immediately but, in any event, no later than three (3) business days after the transaction date.

Lending of Securities in Trade Transactions

Article 65

(1) A Depository may register the lending of Securities between individual owners of Securities, upon written consent by the owners of Securities.
(2) The lending of Securities referred to in paragraph (1) of this Article may take place solely for the purpose of settlement of Trade Transactions.
(3) The Commission shall in more details prescribe the procedure for lending securities.

Supervision over Fulfillment of Liabilities

Article 66

A Depository shall conduct supervision over the settlement of liabilities pertaining to Trade Transactions with the aim of revealing any non-compliance with the general acts and procedures prescribed by the Depository or other violations by Depository members.

Guarantee Fund

Article 66-a

(1) The Depositary of Securities obligatory forms a guarantee fund.
(2) The guarantee fund is composed of the mandatory payments of the members of the Depositary that use the services of settlement.
(3) The assets of the guarantee fund shall be used especially for settlement the obligations of the members of the Depositary when there is not enough money for a settlement of commercial transactions with securities.
(4) The Depositary with Rules regulates the manner and amount of payments under paragraph (2) of this article and using of assets from the guarantee fund.
(5) The Commission gives approval for the rules of the paragraph (4) of this Article and their amendments.

5. Depository Reporting and Disclosure Obligations

Notification to Owners of Securities

Article 67

(1) Each owner of Securities registered in a Depository shall be notified of the balance of their securities account in accordance with this Law and the Operating Rules of the Depository.
(2) No later than the 31st day of January of each year a Depository shall issue a statement of balance on his/her securities account to each owner of a securities account, as of 31st day of December of the preceding year.

(3) If a transfer of ownership in Securities occurs in the account of a Security owner, the Depository shall issue a statement of balance to that Security owner within five (5) business days from the date when the change occurred.
(4) Upon the request of a natural person and/or legal entity, which are the owners of Securities, the Depository shall provide a statement of such owners' Securities accounts no more than once per month without a fee.
(5) A Depository is obliged to issue a list of all owners of a particular issuer's Securities to such issuer of Securities as well as to governmental bodies authorized by law.
(6) On the first business day of each month, a Depository shall publish on its web site a list of individuals and legal entities holding in excess of 5% of any class of securities of a Joint Stock Company with Reporting Requirements.

Access to Depository Data

Article 68

(1) An owner of a Security shall have access to the registered list of natural persons and legal entities that own that Securities upon prior notification to the Depository and payment of the required fee set forth in the Depository's tariff.
(2) Data obtained pursuant to this Article shall be used exclusively for the purpose of exercising shareholders' rights.
(3) A shareholder obtaining data pursuant to paragraph (1) of this Article shall not communicate or make such data accessible to any other person.
(4) The manner of realization of the right to access referred to in paragraph (1) of this Article shall be regulated by the Operating Rules of the Depository.

Reporting by Depository to the Commission

Article 69

(1) The Depository shall report to the Commission regarding newly issued Securities and overall value of transfer of securities ownership, as well as about other facts and circumstances that are relevant to the operation of the securities market.
(2) The Depository shall notify the Commission within five (5) business days after recording a transfer of Securities, which results in an owner of Securities holding in the aggregate greater than 5% of any type and class of Security issued by a Joint Stock Company with Reporting Requirements.
(3) The Commission shall prescribe the contents and the method of reporting and notification referred to in paragraphs (1) and (2) of this Article.

Financial Statements

Article 70

(1) No later than May 31st of each year, a Depository shall submit to the Commission its complete annual report for its performance for the previous year.
(2) The depository's annual report shall be contain Financial Statements as of the close of the previous year, prepared in accordance with International Financial Reporting Standards and audited by an authorized auditor in accordance with the International Standards on Auditing.
(3) If in the opinion of the Commission, a review is needed of certain parts of the annual report on Depository operations, the Commission shall undertake supervision measures of control over the Depository and its management.
(4) The Depository shall publish a summary of its annual audit reports in the Official Gazette of the Republic of Macedonia.
(5) The Depository shall publish the complete annual report on its web – site.

(6) The Commission shall prescribe the contents of the summary referred to in paragraph (4) of this Article.

Operational Program

Article 71

No later than seven (7) calendar days after adoption of the operational program by the Shareholder Assembly, a Depository shall submit to the Commission an operational program for that year.

IV. TRADING IN SECURITIES

1. Secondary Trading in Securities

Requirement for Secondary Trading on a Licensed Stock exchange

Article 72

(1) All secondary trading in Securities shall be conducted through a stock exchange (hereinafter: stock exchange) licensed by the Commission.

(2) Purchase and sale transactions concluded contrary to paragraph (1) of this Article shall be null.

(3) As an exception to paragraph (1) of this Article, purchasing and selling of short-term securities and government bonds (other that bonds issued for compensation of foreign deposits of the citizens and denationalization bonds) and realization of repo-agreements may be conducted also through the over-the-counter markets organized by the National Bank of the Republic of Macedonia in cooperation with Ministry of Finance.

Exchange Operations

Article 73

In its operation, the stock exchange provides:

(a) collection of offers to buy and sell Securities;

(b) market formation of the prices of Securities traded on the exchange;

(c) concluding trade transactions with Securities;

(d) clearance and reporting of the concluded trade transactions in Securities;

(e) compliance with the rules and standards of the exchange, this Law and the regulations adopted hereunder, by the participants in its operation;

(f) protection of the interests of investors in Securities;

(g) admission of Securities for trading on the exchange, including listing of Securities; and

(h) informing the public on issues relevant for the operation of the exchange.

License to Establish a Stock Exchange

Article 74

(1) A legal entity or a natural person may not engage in the activities specified in Article 73 without obtaining a license from the Commission in accordance with Article 86 of this Law.

(2) No legal entity may register in the Trade Companies Register under the name “stock exchange” or “stock exchange” and in its operations may not use the name “stock exchange” or “stock exchange” unless it has obtained a license for establishment and operation as a stock exchange from the Commission.

(3) The stock exchange shall report to the Commission any changes regarding the entry of information relating to the stock exchange into the trade register, within five business days following the entry of any such changes into the trade register.

Establishment of a Stock Exchange

Article 75

(1) A licensed stock exchange shall be founded as a joint stock company with its headquarters in the Republic of Macedonia in accordance with this Law and Law on Trade Companies.
(2) A stock exchange may be founded by legal entities and natural persons, both domestic and foreign.
(3) A stock exchange must have and maintain at all times a Minimum Basic Capital in the amount of at least 500,000 Euros converted in Denars counter value calculated by the average exchange rate of the NBRM, beginning on the date of obtaining a license to establish and operate a stock exchange.
(4) The Commission shall prescribe the required structure and the manner of calculation of the Minimum Basic Capital for a securities exchange.

Ownership Rights in a Stock Exchange

Article 76

"(1) Legal entity and natural persons and other affiliated with them may acquire a qualified holding of shares in only one Stock Exchange.
(2) Stock Exchange shareholder can sell its shares to any natural persons or legal entity.
(3) Equity in shareholder`s capital on the Stock exchange may return to the shareholders in the Stock Exchange in proportional basis only in case of permanent cessation of the operation of the Stock Exchange, after previous settlement of all obligations.
(4) A member of the Stock Exchange is not required necessary to be shareholder in the Stock Exchange.

Board of Directors of a Stock Exchange

Article 77

(1) A member of the Board of Directors or Supervisory and Management Board of the stock exchange may be a person with higher education and with experience of at least three years in the field of finance or business law, but may not be a person:
(c) against whom a security measure - prohibition to perform of a profession, activity or duty has been enforced.
In a case of deleting the conviction referred to in items 1 and 2 of this paragraph provisions of the Criminal Code shall apply.
(2) In the case of an exchange with a two-tier management structure, at least 1/3 of the members of the Management Board and Supervisory Board shall be individuals who are not employed by the exchange or affiliated with any shareholder, member of the exchange or a legal entity which is Licensed Securities Market Participant.
(3) In the case of an exchange with a one-tier management structure, at least 1/3 of the Board of Directors shall be individuals who are not employed by the exchange or affiliated with any shareholder, member of the exchange or a legal entity - Licensed Securities Market Participant.

Contents of the Statute

Article 78

A stock exchange's Statute, in addition to issues determined in the Trade Company Law shall determine the following:
(a) criteria and duties and rights of members of the stock exchange;
(b) conditions, criteria and documents required for admission of individual members to the stock exchange and their rights and duties;
(c) possible reasons for denying the right of certain members of the stock exchange to operate on the exchange;
(d) basic principles of stock exchange operation;
(e) method of control conducted by the stock exchange itself over operations carried out on the stock exchange and over its members;

(f) the method of resolving potential disputes between members of the stock exchange and between members and their clients;
(g) the method of prevention of abuse of information not accessible to all members of the stock exchange;
(h) the method of organizing the information system; and
(i) other issues related to the work of the exchange.

Exchange Members

Article 79

(1) Only Licensed Securities Market Participants that are registered in the Trade Companies Register may be members of a stock exchange.
(2) A stock exchange shall adopt Membership Rules consistent with its by-laws that closely determine membership criteria and duties and rights of exchange members.
(3) An exchange shall be obliged to allow any licensed market participant pursuant to paragraph (1) of this Article meeting the conditions laid down in its Membership Rules to become a member of the exchange.
(4) The exchange's Membership Rules shall require that a stock exchange member shall be:
(a) licensed by the Commission for performing services with respect to Securities;
(b) be adequately equipped in terms of organization and technical equipment;
(c) a member in any or all licensed securities Depositories as a condition of stock exchange membership; and
(d) satisfy any other criteria as the Commission and the stock exchange may prescribe.
(5) The Membership Rules of the stock exchange shall require that a company applying for membership shall submit the following:
(a) application in writing and in such form and with such content as determined by the exchange;
(b) a copy of its by-laws and;
(c) a copy of its license for performing services related to Securities as issued by the Commission;
(d) any additional information as the stock exchange may require under its Membership Rules.
(6) Licensed Securities Market Participants that are denied membership in a stock exchange may appeal the stock exchange's decision to the Commission within fifteen (15) calendar days of receipt of the decision.
(7) All exchange members shall comply with all Rules of the stock exchange.

Listing of Securities

Article 80

(1) The management body of the issuer shall issue a decision for listing of securities on the stock exchange.
(2) Securities are listed upon written request and application of the issuer.
(3) A general precondition for listing of the Securities is that they must be fully paid and with unlimited transferability.
(4) The listing conditions, manner of listing, as well as the procedure for listing of Securities shall be regulated by separate Listing Rules adopted by the stock exchange.
(5) The Listing Rules shall establish disclosure and notification requirements for the listed joint stock companies. These conditions shall not be less detailed or less stringent than disclosure and notification requirements for the Reporting Companies in accordance with this Law.
(6) Securities approved for listing on a stock exchange must have all formal features as set by law, as well as by the approval for their issuance.
(7) A stock exchange shall keep a separate register for each issuer, in whom it shall register and keep all relevant data and documents pertaining to issuers who's Securities are listed on the stock exchange.

(8) The issuer whose securities are listed on the stock exchange shall comply with all Listing Rules.
(9) Delisting of the securities from the stock exchange at a request of the issuer is performed only upon a decision brought by the shareholders assembly of the issuer.

Trading Rules

Article 81

(1) A stock exchange shall adopt Trading Rules, which shall determine the following:
(a) conditions and manner of trading Securities on the stock exchange;
(b) conditions and manner of exchange operations designed to confirm and compare trades and transfer of information to facilitate the clearance and settlement of trades;
(c) conditions under which the stock exchange may temporarily suspend or permanently halt trading in a Security in order to avoid manipulative operations;
(d) other issues relevant to the operation of the stock exchange.
(2) The Trading Rules of a stock exchange must provide for comparison and confirmation of trades and transfer of information to a Depository that will facilitate the clearance and settlement of all trades conducted through the exchange no later than three (3) business days following the transaction date.
(3) The permissible methods for organizing a stock exchange are:
(a) centralized trading through the use of a physical trading floor or an electronic system where all members submit all bids and offers for Securities on behalf of their own account and/or for the accounts of their clients, and all trades that are completed;
(b) trading between brokerage houses that are trading only for their own account and which centralizes the trading by way of using a physical trading floor or an electronic system.
(4) The Commission shall prescribe additional requirements regarding the permissible trading methods to be employed by any stock exchange pursuant to paragraph (3) of this Article.

Stock Exchange Tariff

Article 81-a

Users and members of the stock exchange shall pay a fee for the services provided by the stock exchange according to a Tariff adopted by the stock exchange.

Self-Regulatory Organization Status

Article 82

(1) A stock exchange as a Self-Regulatory Organization ("SRO") shall adopt Conduct and Disciplinary Rules designed to enforce the stock exchange's Rules, the provisions of this Law and other Laws and the regulations adopted hereunder.
(2) An exchange's Conduct and Disciplinary Rules shall grant authority to the exchange's Director to take measures and/or temporarily or permanently revoke a member's right to participate in the operation of the exchange if the member fails to comply with the general acts of the exchange or fails to fulfill liabilities under executed transactions with respect to Securities.
(3) The Exchange member has the right to appeal to the Commission within fifteen (15) calendar days of receipt of:
(a) a disciplinary decision made by the exchange's Director to the exchange's Management Board or Board of Directors and
(b) a disciplinary decision made by the exchange's Management Board or Board of Directors.

Settlement of Disputes among Members

Article 83

(1) A stock exchange shall adopt Arbitration Rules designed to resolve disputes between members and between members and their clients in a fair, efficient and trustworthy manner.
(2) All disputes between members of the exchange shall be obligatorily resolved through arbitration.
Disputes between members and their client shall be resolved through arbitration upon request of the client.
(5) The stock exchange may develop Arbitration Rules in cooperation with other stock exchanges and/or depositories and may jointly apply the same.
(4) The Commission shall approve the Arbitration Rules referred to in paragraph (3) of this Article.

Data, Records and Information System

Article 84

(1) A stock exchange shall have an adequate computerized system through which it shall regularly inform the public of the:
(a) name of issuer and type of Securities traded on the exchange;
(b) last transaction price, highest price, lowest price and average price of each Security traded;
(c) volume and value of the Securities traded in the market;
(d) other information relevant to the operations of the exchange.
(2) A stock exchange shall protect the computer system and the data contained therein against unauthorized use and against change and loss of the data.
(3) A stock exchange shall keep in a safe place in the original form the original documentation used for making entries in the data storage media for at least five (5) years.
(4)The original documentation related to trading activities must be recorded on electronic media.
(5) Data recorded on electronic media shall be permanently stored.
(6) The Commission shall in more details prescribe the manner of keeping and maintaining all data regarding the operations of the stock exchange.

Application for License to Establish a Stock Exchange

Article 85

(1) Person applying for a license to establish and operate a stock exchange shall submit the following:
(a) a written application, in the form and contents as determined by the Commission;
(b)draft Statute;
(c) draft Membership Rules;
(d) draft Trading Rules;
(e) draft Listing Rules;
(f) draft Conduct and Disciplinary Rules;
(g) draft Arbitration Rules;
(h) a business plan on the establishment and operation of the exchange.
(2) The Commission shall prescribe the additional information required in a license application for establishment of a stock exchange and the process for issuing a decision regarding the same.

Grant and Denial of License to Establish a Stock exchange

Article 86

(1) The Commission shall decide upon the application for licenses to establish a stock exchange within ninety (90) calendar days from the date of submission of application to the Commission.

(2) The Commission shall approve the application for the license to establish an exchange if it finds that:
(a) the Membership Rules provide for open and equal access by all qualified applicants;
(b) the Trading Rules provide for high degree of:

- orderly settlement of Trade Transactions with Securities
- open and equal treatment of members;
- honesty in business dealings;
-. security of confidential clients' information;
- transparency in trading; and
- dissemination of pre-trade and post-trade information.

(c) the Listing Rules are designed to promote full and fair disclosure to the market from listed securities issuers;
(d) the Conduct and Disciplinary Rules are adequate to provide for full and fair enforcement of the exchange's rules, this Law and the regulations adopted hereunder;
(e) the Arbitration Rules provide efficient, fair and timely dispute resolution;
(f) the exchange is capable of performing all required operations in terms of staff, technical equipment and organization;
(g) the exchange employs at least three licensed brokers;
(i) the exchange has adequate information, computer and communication systems to perform execution and settlement of Trade Transactions; and
(j) the exchange has organizational departments to provide efficient and uniform performance of all exchange operations.
(3) The Commission shall issue a decision for refusal of the application for issuing license for establishing a stock exchange if it finds that the conditions under paragraph (2) of the Article are not satisfied.
(4) The decision regarding an approval of a license for an exchange shall be published by the Commission in the Official Gazette of the Republic of Macedonia and on the web site of the Commission.

Prohibited Actions

Article 87

(1) A licensed stock exchange may not purchase, otherwise acquire and own any Securities for its own account through a Trade Transaction that is conducted on the exchange.
(2) Notwithstanding paragraph 1 of this Article, the Stock Exchange may buy or otherwise acquire or own government securities and Treasury shares.
(3) No full-time employee of a stock exchange may be a member of the Supervisory Board and Management Board or Board of Directors of a shareholder or member of the stock exchange and may not perform any services for them or activities on their behalf outside the sphere of their responsibilities as a stock exchange employee.

Obligation to keep confidential business secret

Article 87-a

(1) The Stock Exchange keeps as confidential all data and the information's for the legal entity or natural person obtained during its operation in accordance with the Law.
(2) Notwithstanding paragraph (1) of this Article, the Stock Exchange is obliged to submit the data and information from paragraph (1) of this Article only at the request of the competent authority authorized by law.

Acts Subject to Commission Approval

Article 88

(1) The stock exchange shall obtain approval from the Commission for:

(a) Statute and any changes and amendments to it;

(b) adoption of its Membership Rules, Trading Rules, Listing Rules, Arbitration Rules and Conduct and Disciplinary Rules, and any amendments thereto;

(c) the tariff and its amendments and supplements;

(d) adoption of forms of connecting or merging with other stock exchanges.

(2) For the acts under paragraph (1) items a), b) and c) of this Article the Commission shall give an approval within 30 calendar days from the date of submission of the request to the Commission, and for association and merger from paragraph (1) item d) of this Article within 60 calendar days from the date of submission of the request to the Commission

(3) For the purpose of investor protection or securing fair and proper trading in Securities, the Commission may direct the stock exchange to introduce changes or adopt new acts or rules related to the work and the operations of the stock exchange.

Approval for the Appointment of a Stock Exchange Director

Article 89

(1) The appointment of a Director of a stock exchange must be approved by the Commission.

(2) Along with the consent request for appointing a stock exchange Director, the following documents must be submitted:

(a) short biography or curriculum vitae of the proposed Director;

(b) resolution of the exchange's authorized body for appointing the proposed Director;

(c) certificate for educational background of the proposed Director in the field of economics, finance or business law;

(d) a copy of the license for operating with securities issued by the Commission;

(e) proposed program for the business and development policy of the stock exchange for the following two years

(3) The Commission shall approve the appointment of the Director within sixty (60) calendar days from the day of reception of request referred in paragraph 2 from this Article, unless it finds that the proposed Director:

(a) is subject to a security measure prohibiting performance of a profession, activity or duty;

(b) is sentenced to imprisonment:

- from the period of effectiveness of the verdict till the day of servicing the sentence and 5 years from the day when he/she serviced the sentence, in the case of conviction up to 3-year imprisonment.

In a case of deleting the conviction referred to in the item (b) of this paragraph provisions from the Criminal Code shall apply.

(c) does not possess a license to perform services with respect to Securities issued by the Commission;

(d) provided false information in the documents that are submitted pursuant to paragraph (2) of this article.

. (4) The Commission shall provide a reasonable written explanation in case of rejecting the proposed candidate for a Director of the stock exchange.

(5) The Commission shall issue regulations regarding the manner and procedure for the process of appointing a Director of a stock exchange.

Representation of Stock Exchange
Article 89-a

(1) The Director represents and presents the Stock Exchange in relations with third parties.
(2) The Director of the Stock Exchange could not transfer the right of representation of the Stock Exchange to third persons.

Supervision over the Stock Exchange Operations
Article 90

(1) The Commission conducts supervision over the work of the stock exchange and its members.
(2) The Commission also has the power to conduct supervision of issuers listed on the stock exchange regarding the issuance, offer, sale, listing and trading of Securities.
(3) The Commission carries out the supervision by reviewing the periodic and annual operational reports, as well as other books and documentation of the stock exchange and its members.
(4) In order to perform the supervision, the Commission reviews in particular any documentation related to:
(a) legality of activities related to trading in Securities;
(b) fulfillment of obligations by the issuer as prescribed by law and the act of issuance of Securities;
(c) implementation by the stock exchange and its members of legal and other regulations related to the operations with Securities, as well as their own Rules, By-laws and other acts on the basis of which a license to operate on the stock exchange is issued;
(d) trading in Securities on the stock exchange in accordance with prescribed conditions for trading;
(e) control of the financial standing of the stock exchange members; and
(f) the conditions and manner of stock exchange operations designed to assist members in meeting their liabilities in order to perform clearance and settlement of Trade Transactions.

Reports on Operation of the Stock Exchange
Article 91

(1) The stock exchange shall submit to the Commission daily, weekly and monthly reports for its working performances.
(2) The Commission shall prescribe the required contents and deadlines for filing the reports described in paragraph (1) of this Article.

Annual Report
Article 92

(1) No later that 31 May of each year the stock exchange shall submit to the Commission its complete annual report for its performances for the previous year.
(2) The stock exchange's annual report shall contain Financial Statements as of the close of the previous year, prepared in accordance with International Financial Reporting Standards and audited by a certified auditor, in accordance with International Standards on Auditing and operating report of the stock exchange.
(3) If, in the opinion of the Commission, a review is needed of certain parts of the annual report on the operation of the stock exchange, the Commission undertakes supervision measures over the stock exchange and its management.
(4) The stock exchange shall publish a summary of its annual audit reports in the Official Gazette of the Republic of Macedonia.
(5) The stock exchange shall publish the complete annual report on its web site.
(6) The Commission shall prescribe the contents of the summary referred to in paragraph (4) of this Article.

Operational Program

Article 93

No later than seven (7) calendar days after adoption of the operational program by the Shareholder Assembly, the stock exchange shall submit to the Commission an operational program for that year.

CHAPTER V. MARKET INTERMEDIARIES

1. Provision of Services with Respect to Securities

Types of Services Concerning Securities

Article 94

Services concerning Securities pursuant to this Law shall include the following:

(a) the purchase and sale of Securities at the order of and for the account of a client;

(b) the purchase and sale of Securities for its own name and account;

(c) the portfolio management of Securities at the order and for the account of an individual customer;

(d) performing transactions and activities for the account of an issuer of Securities necessary for a successful public offering of Securities, without mandatory buyout of unsold securities;

(e) performing transactions and activities for the account of an issuer of Securities necessary for a successful public offering of Securities, with mandatory buyout of unsold Securities;

(f) providing listing sponsor activities;

(g) providing investment counseling;

(h) performing transactions and activities for the account o third parties necessary for carrying out a takeover of a joint stock company in accordance with the Law on Company Takeovers as amended; and

(i) keeping securities which includes opening and keeping securities accounts on own name and on behalf of clients in the Depositary and opening and keeping securities accounts and managing accounts of securities for its clients who are not owners of these securities , and on behalf of their clients and other services of securities by order of the client (due to the claims of the publishers on due to securities, interest and dividend at the expense of the owners of those securities, notice of meetings of shareholders and presentation of those meetings, payment of tax liabilities of the client on the basis of securities that are his property, etc.).

Legal Entities Performing Operations with Securities

Article 95

(1) Services as set forth in Article 94 may only be performed by:

(a) a brokerage house which has obtained an operational license from the Commission (hereinafter: brokerage house);

(b) an authorized bank in accordance with the Law on Banks, which has obtained an operational license from the Commission;

(c) a subsidiary of a foreign brokerage house which has obtained an operational license from the Commission;

(2) All provisions of this Chapter concerning brokerage houses shall be equally valid for banks, unless otherwise stipulated herein**.**

(3) A bank shall segregate the services with Securities from other financial services in terms of structure and organization.

Ban on the Provision of Services with Regard to Securities

Article 96

A legal entity other than those referred to in Article 95, paragraph (1) shall not be permitted to provide services with Securities.

2. Establishment and Organization of a Brokerage House

Requirement to Obtain an Operational License

Article 97

No natural person or legal entity may engage in services with Securities without obtaining an operational license from the Commission.

Establishment of a Brokerage House

Article 98

(1) A brokerage house shall be founded as a joint stock company with its headquarters in the Republic of Macedonia in accordance to this law and the Law on Trade Companies.

(2) A brokerage house must be established by at least two legal entities or natural persons, either domestic or foreign, except in the event that the founder is a bank or insurance company.

(3) A brokerage house must employ at least two full-time employees that own a broker license or an investment advisor license issued by the Commission.

Basic Capital of the Brokerage House

Article 99

A brokerage house must have and maintain at all times a Minimum Basic Capital in the amount of at least:

- 75,000 Euros (in Denar counter value at the average rate of the NBRM) valid on the date of granting a license for operation, provided that the brokerage house is registered to conduct the activities listed in paragraphs (a), (f) and (g) of Article 94;
- 150,000 Euros (in Denar counter value at the average rate of the NBRM) valid on the date of granting a license for operation, provided that the brokerage house is registered to conduct the services listed in paragraphs (a), (c), (f) and (g) of Article 94; and
- 500,000 Euros (in Denar counter value at the average rate of the NBRM) valid on the date of granting an operational license, provided that the brokerage house is registered to conduct all of the activities listed in Article 94.

Personal assets of the brokerage house

Article 100

(1) The amount of personal assets of the brokerage house at any moment must not be lower than the amount of the capital specified in Article 99 of this law.
(2) In case the amount of personal assets of the brokerage house in paragraph (1) of this section drops below the minimum amount of the capital in Article 99 of this law, the Commission will order the brokerage house in a certain period to comply with the law.
(3) The Commission with Regulation will prescribe the categories of personal assets and the way for calculating the amount of personal assets of the brokerage house, depending on the risks that are exposed during the performance of services in Article 94 of this Law.

Consent for Appointment of a Brokerage House Director

Article 101

(1) The appointment of the Director of a brokerage house must be approved by the Commission.
(2) Along with the consent requested for appointing a Director of a brokerage house, the following documents must be submitted:
(a) short biography or curriculum vitae of the proposed Director;
(b) decision of the authorized body for appointing the proposed Director;

(c) certificate of educational background of the proposed Director in the areas of economy, finance or business law;
(d) copy of the operational license by the Commission.
(e) proposed program for the business and development policy of the brokerage house for the following two years.
(3) The Commission shall approve the appointment of the Director within sixty (60) calendar days from the day of reception of the request referred in the paragraph (2) of this Article unless it finds that the proposed Director:
(a) is subject to a security measure – prohibition to perform a profession, activity or duty;
In a case of deleting the conviction referred to in the item (b) of the paragraph 3 of this Article, provisions from the Criminal Code shall apply.
(d) has submitted any false information in conjunction with the documents provided pursuant to paragraph (2) of this Article.
(4) The Commission shall provide a reasonable written explanation of any decision not to approve the request for appointment of a Director of a brokerage house.
(5) The Commission shall prescribe the manner and procedure for the process of appointing the Director of a brokerage house.

Representation of a brokerage house
Article 101-a

(1) The Director of the brokerage house represents and presents the brokerage house in relations with third parties.
(2) The Director of the brokerage house could not transfer the right of representation of the brokerage house to third persons.

Subsidiary of a Foreign Brokerage House
Article 102

(1) A foreign brokerage house which is licensed to perform all or some services with regard to Securities in any member country of the Organization for Economic Cooperation and Development shall be allowed to perform those services in the territory of the Republic of Macedonia through a subsidiary which has a license issued by the Commission.
(2) A foreign brokerage house referred to in paragraph (1) of this Article shall attach to the application for the issuance of an operational license the following documents:
(a) a translation and the original of the authorization to perform services with Securities in the country of its domicile and proof that the foreign brokerage house is duly registered in the trade register or in any other register in compliance with the laws of the country of its domicile; and
(b) a translation and the original of the document issued by the appropriate foreign securities market regulator in the country of its domicile approving the establishment of a subsidiary office in the Republic of Macedonia.
(c) audited financial statements for the preceding 3 years.
(3) A subsidiary office of a foreign brokerage house referred to in paragraph (1) of this Article shall be subject to all provisions of this Law and all regulations promulgated hereunder, provided, however, that the subsidiary office need not comply with the Minimum Basic Capital requirements set forth in Article 99 so long as:
(a) the subsidiary of a foreign brokerage house is in compliance with all capital requirements and exposure limits imposed by the foreign securities market regulator in the country of its domicile;
(b) the foreign brokerage house simultaneously submits to the Commission all information and data that it submits to the securities market regulator in the country of its domicile regarding its compliance with capital requirements and exposure limits.

Prohibition on Distribution of Profits

Article 103

A brokerage house shall not be allowed to distribute its profits as dividends if such distribution would result in violation of the brokerage house's basic capital set forth in Article 99.

Share Ownership in a Brokerage House

Article 104

(1) A legal entity or a natural person, including their respective Affiliates, may be a shareholder of only one brokerage house.

(2) The brokerage house, within eight (8) calendar days from the day of change, is obliged to inform the Commission of any changes in ownership structure for acquisition of over 5% of the shares with voting rights.

(3) A bank may own Shares of only one brokerage house.

Employees and Board Members

Article 105

(1) No physical person shall be an employee or a member of the Supervisory Board, Management Board or Board of Directors, as the case may be, of more than one brokerage house.

(2) Each member of the Supervisory Board and Management Board or Board of Directors, as the case may be, must possess university degree and working experience of at least three (3) years in the area of economy, finance or business law, needed to manage the operations of a brokerage house.

Application for Operational License for a Brokerage House

Article 106

(1) A brokerage house may not be entered into the trade register without obtaining an operational license from the Commission.

(2) An entity applying for a license to operate a brokerage house shall submit the following:

(a) the draft Statute;

(b) description of the brokerage house's proposed services;

(c) information on the founders, including the founders' Securities holdings in other entities;

(d) evidence of satisfaction of the basic capital set forth in Article 99;

(e) documentation prescribed by the Commission to demonstrate that the brokerage house is sufficiently equipped in terms of staff, technology and an organizational aspect to perform all services for which it is founded;

(f) licenses from a competent authority with respect to the founders, in the event that a founder is a bank, savings house or insurance company; and

(g) data regarding the person who will oversee the compliance and implementation of the laws and other legal acts, regulations of the self-regulatory organizations and acts of the brokerage house in its operation

(h) business plan for establishment and operation of a brokerage house;

(3) The Commission shall prescribe additional information required in the application for a license to establish a brokerage house.

Approval of the License for Operation of a Brokerage House

Article 107

(1) The Commission shall decide upon the application for issuing a license for operation of a brokerage house within ninety (90) calendar days following the day of submission of the application to the Commission.

(2) The Commission's decision to approve a brokerage house operational license shall specify the particular services referred to in Article 94 of this Law for which the license is issued.
(3) The Commission's decision to approve a brokerage house operational license shall be published in the Official Gazette of the Republic of Macedonia and on the Commission web site within eight (8) calendar days of granting such approval.
(4) The Commission shall maintain a register of brokerage houses and their subsidiaries.
(5) The Commission shall prescribe the form, contents and manner for maintaining register of brokerage houses and their subsidiaries.
(6) A brokerage house is obliged to start operating within six (6) months after receiving the license for operation by the Commission.

Brokerage House Branch Office

Article 108

(1) A brokerage house may open a branch office anywhere on the territory of the Republic of Macedonia.
(2) A branch office established in accordance with paragraph (1) of this Article must have at least one employee, who has a license for operation with securities, except in cases when only technical and other supporting activities are performed in the branch office.
(3) A brokerage house shall inform the Commission prior to opening or closing any branch office.

Membership in Self-Regulatory Organization

Article 109

(1) A brokerage house shall be a member of at least one self-regulatory organization, mentioned in the Articles 30 and 82 of the Law, licensed by the Commission.

(2) A brokerage house shall notify the Commission within eight (8) calendar days after becoming a member or before terminating of its membership in a licensed self-regulatory organization.

Request for Termination of License for Operation of a Brokerage House

Article 110

The Commission may terminate a brokerage house license upon request by a brokerage house to terminate its operations only if the brokerage house has met all of its liabilities towards the clients.

Mergers of Brokerage houses

Article 111

In the event that a brokerage house merges with another brokerage house, the newly merged brokerage house shall file an application for a license with the Commission to conduct its operations.

Authorized Brokers

Article 112

(1) Services related to the execution of clients' orders, informing clients on the purchase and sale of Securities that is not investment advice may, within a brokerage house only be provided by licensed brokers (hereinafter: brokers).
(2) A broker must be of legal age and must have successfully passed the examination of expertise necessary for operating with securities.
(3) A broker must have a diploma for completed secondary education of at least four (4) year.
(4) The Commission shall prescribe the manner and conditions for the examination referred to in paragraph (2) of this Article.

Application for Broker License

Article 113

(1) An application for a license to perform brokerage services may be submitted by a natural person who fulfills the conditions in Article 112 of this Law.
(2) The Commission shall decide upon the application under paragraph (1) of this Article within 60 calendar days from the date of submission of the application to the Commission.
(3) The Commission shall grant the broker a license upon determining that the applicant meets the conditions set forth in Article 112 of this Law.
(4) The Commission shall maintain and make available to the public a register of all brokers.
(5) The Commission shall prescribe the form, contents and manner for maintaining a register of all brokers.
(5) A broker license shall be valid for a period five (5) years.

Renewal of Broker License

Article 114

(1) Each broker shall be required to renew the license for operation with securities every five (5) years.
(2) Each broker is obliged within three (3) months before the expiration of the term in the paragraph (1) of this Article to submit an application for renewal of its broker license to the Commission.
(3) The application set forth in paragraph (2) of this Article shall contain documentation required in Article 112 of this Law.
(4) The obligation referred in paragraph (1) of this Article shall apply to the persons employed as brokers in licensed securities market participants
(5) The Commission shall prescribe the procedure for renewing a broker license.

Obligations of a Broker

Article 115

(1) In its work, a licensed broker shall
(a) strictly follow instructions given by a customer;
(b) act in a conscientious manner with due professional care based on customer stated investment objectives and customer's financial conditions; and
(c) strictly respect the rules of any self-regulatory organization of which it is a member,

(2) A broker shall not unnecessarily postpone the execution of a customer's order if market conditions would otherwise allow such execution to take place.

3. Brokerage House Operations

Publication of Services and Price List

Article 116

(1) A brokerage house shall be obliged, at premises where its clients are serviced, to provide access to the general conditions of its operation and price list for services with respect to Securities. The general conditions for operation shall, at a minimum, inform clients as to:
(a) the mutual rights and obligations of the brokerage house and the customer;
(b) risks associated with conducting specific transactions with regard to Securities;
(c) its membership in a self-regulatory organization;
(d) manner of dispute resolution between the brokerage house and the customer.
(2) Prior to accepting a customer's first order to buy or sell Securities and/or prior to entering into an agreement with the customer on services with regard to Securities, a brokerage house shall be obligated to deliver to the customer a copy of its general conditions of operation.

Protection of Customer's Interests

Article 117

(1) In providing services with Securities to a customer, a brokerage house shall be obliged to protect the interest of the customer.

(2) A brokerage house shall be obliged to promptly inform its clients as to all circumstances relevant to the customer's decisions with regard to orders to buy or sell Securities and/or other services provided, as well as the risks pertaining to investments in Securities.

(3) A brokerage house shall be obliged to endeavor to acquire from its clients appropriate data on their experience in the field of investment in Securities, their financial capabilities and their goals relating to investment in Securities which are relevant to the protection of the customer's interests.

Conflict of Interest

Article 118

(1) A brokerage house shall be obliged to inform its clients about any possible conflict of interest between the customer, the interests of the brokerage house and/or the interests of other clients of the brokerage house.

(2) A brokerage house shall be obliged to operate so as to minimize any possible conflict between the clients' interests, the interests of the brokerage house and the interests of those employed by the brokerage house.

Customer Orders

Article 119

(1) An order is a one-sided statement of the customer's instruction or instruction by a portfolio manager on behalf of a customer that may be given orally, in writing or as an electronic record that is addressed to the brokerage house to conduct a certain transaction with Securities for the customer's account.

(2) The means by which a customer authorizes orders to be given is regulated by agreement between the brokerage house and the customer.

Acceptance of Clients Order

Article 120

(1) Entry by the brokerage house of the order referred to Article 119, paragraph (1) into the brokerage house's order book shall mean that the brokerage house has accepted the order.

(2) The Commission shall prescribe the manner of confirmation of acceptance of an order as referred to in paragraph (1) of this Article.

Keeping the Order Book

Article 121

(1) A brokerage house shall keep an order book in electronic form with respect to executing all Trade Transactions i.e. Trade Transactions executed on behalf of a customer, Trade Transactions for the brokerage house's own account and Trade Transactions executed pursuant to a portfolio management agreement.

(2) Any subsequent alteration of entered data in the order book is prohibited.

(3) The order book shall be kept permanently.

(4) The Commission shall prescribe the content of the order book and the manner in which it is kept.

Execution of Customer Orders

Article 122

(1) A brokerage house shall be obliged to execute a customer's order as soon as the Securities market conditions for execution of the order are met.

(2) A brokerage house shall execute customer orders to buy and/or sell Securities in accordance with the priority in the order book.
(3) All customer orders must be submitted to competing bids and offers on a licensed stock exchange.
(4) A brokerage house may not buy and/or sell Securities for its own account or for the account of any employees if, as a result of such purchase or sale, it would be unable to execute a customer's order to buy and/or sell or if such an order could only be executed under conditions less favorable for the customer.

Customer's Financial Assets

Article 123

(1) A brokerage house shall keep the funds remitted by clients for payment of Securities or the money received from the sale of a customer's Securities in a separate account which shall be opened for that particular purpose.
(2) A brokerage house shall fully remit the funds in the customer's account earned as a result of the sale of Securities exclusively in favor of the customer account within one (1) business day after the receipt of the proceeds arising from the sale unless otherwise agreed upon by the brokerage house and the customer.
(3) The funds in an individual account set forth in paragraph (1) of this article may only be used in accordance with the customer's instructions.
(4) A brokerage house shall not be permitted to make payments arising from transactions made for its own account from the financial assets of any customer.
(5) A brokerage house shall not be allowed to make use of any customer's financial assets for the account of any other customer.
(6) A customer's financial assets cannot be included in a brokerage house's estate in the event of a liquidation or insolvency and cannot be used for payment of a brokerage house's liabilities.

Notification of Trade Transactions to Clients

Article 124

(1) A brokerage house shall be obliged to provide, to its clients a notification on each transaction entered into regarding a Security no later than two (2) business days after clearance and settlement of such transaction is complete. The submission of the notification shall make in the manner as agreed with the customer:
(2) The notification required by paragraph (1) of this Article shall contain:
(a) the title of the issuer of the traded Security;
(b) the type and class of Security traded;
(c) the type of the order (i.e., purchase or sale)
(d) the amount of Securities sold or purchased;
(e) the price at which the Securities were sold or purchased;
(f) the commission levied for the executed transaction;
(g) the date of receipt of the purchase or sale order; and
(h) the date that settlement and clearance of the transaction was completed.

Recordkeeping

Article 125

(1) A brokerage house shall be obliged to keep all documents so as to enable, at any point in time, the verification of any transaction performed for its own account or for any customer's account.
(2) The Commission shall prescribe the manner and contents of records to be maintained by a brokerage house pursuant to paragraph (1) of this Article.

Obligation to keep confidential business secret

Article 125-a

(1) Brokerage house shall keep as confidential, the data and information for the legal entity or natural person obtained during its operation in accordance with the Law.
(2) Notwithstanding paragraph (1) of this Article the brokerage house is obliged to submit data and information's of paragraph (1) of this article only at the request of authority authorized by law.

Customer Contracts

Article 126

(1) Prior to accepting a customer's first order to buy or sell Securities, a brokerage house shall be obliged to enter into a written agreement with the customer.
(2) The brokerage agreement shall contain, at a minimum:
(a) the general conditions of the brokerage house's operation;
(b) a statement by the customer acknowledging that he/she has been presented with the general conditions of operation prior to executing the agreement and that he/she has had the opportunity to become familiar with the contents of said agreement.
(3) Unless otherwise stipulated in this Law, provisions of the Law on Obligations, as amended shall apply to the relationship between a brokerage house and its clients.
(4) A brokerage agreement may not:
(a) purport to waive any rights the customer may have arising from this Law or the regulations issued hereunder;
(b) purport to waive any rights the customer may have to pursue judicial remedies in the event of a dispute with the brokerage house;
(c) allow any type of fee other than the standard commission to compensate the brokerage house for executing a Trade Transaction at a price more favorable to the customer than the terms contained in the customer order.

Maintaining accounts

Article 127

A brokerage house shall keep the accounts in compliance with International Financial Reporting Standards and the laws of the Republic of Macedonia**.**

Advertising by Brokerage Houses

Article 128

(1) Only a brokerage house may publish advertisements in any media offering to perform services with Securities or offering to buy or sell Securities.
(2) It is unlawful to publish advertisements whose content might mislead investors as to the rights and risks resulting from the ownership of Securities or engaging in transactions with Securities.
(3) A brokerage house must file with the Commission the text of any proposed advertisement before it is published. If, within five (5) business days after filing the text of the advertisement, the Commission does not prohibit its publication, a brokerage house may publish the advertisement. The brokerage house shall bear the burden of proving that the Commission received the proposed advertisement.

Portfolio management by order and on behalf of individual client

Article 129

(1) Portfolio management by order and on behalf of the individual client is management with securities, as well as assets of the clients and their investment in securities, based on prior agreement with individual client.
(2) Agreement under paragraph (1) of this Article shall be concluded in writing and shall include:
- Amount of assets that the customer trusted to the brokerage house;

- The policy of investments of the customer;
- A statement that the client accepts the terms and the risks of involvement in the trading with financial instruments;
- Type, content and frequency of submission of reports on activities carried out by the brokerage house to a client;
- The fees for performing the work of portfolio management by order and on behalf of individual client and method of calculation and
- Opportunity for the customer to terminate the contract concluded with the brokerage house.
(3) The Commission prescribes the securities and the other financial instruments in which the assets of the client can be invested.

Contract with a Client for Keeping Securities

Article 129-a

(1) Prior to the performing service –keeping of securities, the bank or brokerage house is obliged to sign a contract with the client in writing, regulating their common rights and obligations in performance of keeping of securities
(2) The bank or the brokerage house may dispose with the securities that are kept on separate accounts with them only upon an order of the orderer on whose behalf they provide the service of keeping securities.
(3) Securities which on behalf of a client are kept on a separate account in a bank or a brokerage house are in the ownership of the client and shall neither enter into the estate of the bank or the brokerage house nor liquidation or bankruptcy estate, nor maybe used for settlement of their liabilities.
The bank or the brokerage house shall, upon request of the client, immediately issue him/her a notification on the status of assets on his/her account, at the latest three (3) days from the date of filing the request.
(5) The bank or the brokerage house shall charge the client for providing the service of keeping his/her securities pursuant to the contract referred to in paragraph (1) of this Article.

Brokerage house Liability

Article 130

A brokerage house shall be liable for any negligent acts or omissions on the part of a broker or an investment advisor employed by such brokerage house that causes damage to a customer.

Reporting to the Commission

Article 131

(1) Brokerage house submits to the Commission a monthly report for the previous month, signed by the director of the brokerage house, which includes calculations of the capital, legislative changes and changes in the ownership structure. In addition to the monthly report, the brokerage house is submitting a statement signed by the director that in the reporting period the basic capital of the brokerage house was in accordance with Article 99 of this law and Regulations derived from this Law.
(2) The brokerage house is obliged immediately to inform the Commission, if it is unable for timely payments of the obligations to the clients.
(3) The brokerage house shall inform the Commission for any changes in the data stated in the request for granting license for work, within eight days from the occurrence of the change.
(4) Brokerage house shall submit an annual report for its work to the Commission no later than May 31 in the current year for the previous year.
(5) The annual report of the brokerage house comprise the financial statements, with situation on the last day of the previous year, confirmed in accordance with international financial reporting standards and audited by the auditor in accordance with international auditing standards.

(6) Brokerage house submits semi-annual non- audited financial reports (balance sheet, income statement, a statement of cash flows and report of changes in capital) to the Commission, 30 calendar days after the period relating to the report at the latest.
(7) Bank as an official participant in the securities market submits to the Commission non-audited annual and semi-annual financial reports for the work and the department dealing with securities in terms laid down in Article 131, paragraph (4) and (6) of this Law.
(8) The Commission with regulation prescribes the content, the form and the manner of submission of the annual and semi-annual reports on financial working of the department dealing with securities of a bank as authorized participant in the securities market.
(9), A branch office of a foreign brokerage house with license to operate in the Republic of Macedonia, submits an annual report on operations of foreign brokerage house to the Commission, until May 31 in the current year for the previous year
(10) Branch office of a foreign brokerage house with license to operate in the Republic of Macedonia, shall inform immediately the Commission for the lost of the license to provide services in securities in the home country of the foreign brokerage house.
(11) Commission shall prescribe the form and the content of the report under paragraph (1) of this Article.

4. Closure of a Brokerage House

4.1 Liquidation Proceeding

Conditions for Opening Liquidation

Article 132

(1) The Commission shall issue a decision for satisfying the requirements for opening liquidation if:
(a) shareholders assembly reaches a decision for closure of the brokerage house;
(b) the license for operation with securities has been revoked permanently;
(c) the brokerage house did not commence the activities within six months after receiving the license for operation by the Commission.
(2) The Commission shall reach the decision within eight (8) working days from the:
(a) the day of receiving the notice by the managing body about shareholders assembly decision on termination of the brokerage house;
(b) the day of issuing the decision for revocation of the license;
(c) the day of expiration of the deadline for commencement of operation of the brokerage .house.
(3) The Commission shall submit a proposal to a competent court for opening a liquidation proceeding with an attachment of the resolution for satisfying the requirements for opening liquidation.

Liquidation proceeding before the court

Article 133

(1) The Competent Court of the area where the seat of the brokerage house is located shall be competent for opening and conducting a Liquidation Proceeding.
(2) The Liquidation Council and the liquidator are the organs of the Competent Court that conducts the liquidation. The Court shall appoint the Liquidation Council which consists of three judges.
(3) The Liquidation Council shall reach a decision within eight (8) working days of the day of the receiving the proposal for opening liquidation, without a hearing.
(4) The brokerage house shall be entitled to appeal against the decision within eight (8) working days after receiving the decision. The appeal shall not postpone the effectiveness of the decision.

Appointing a Liquidator

Article 134

(1) Together with the decision for opening liquidation, the Liquidation Council shall appoint a liquidator of the brokerage house on the proposal of the Commission.

(2) The decision for opening liquidation shall contain the following data:

- the company title, registered office, address, account number and unique identification number of the brokerage house;
- full name and address of the liquidator; and
- the date of opening the liquidation.

(3) With the decision for opening liquidation the creditors shall be called to report their claims to the liquidator within a deadline that may not be longer than 30 days of the day of the last announcement for opening liquidation.

(4) The liquidator shall compose the list of claims of creditors and the order of their settlement.

(5) With the decision for opening liquidation the debtors shall be called to settle their obligations and the Liquidation Council shall prescribe registration of the opening of liquidation in the trade register.

Contents of the announcement for the opened liquidation

Article 135

(1) The creditors and debtors shall be informed on the opening of the liquidation by announcement

(2) The announcement shall be placed on the bulletin board at the Competent Court, as well as in the "Official Gazette of the Republic of Macedonia" and in at least one daily newspaper, within a period of s5 subsequent working days. The announcement shall be placed on the bulletin board at the Competent Court on the day of reaching the decision for opening liquidation and on the web page of the Central Registry of the Republic of Macedonia.

(3)The announcement for opening liquidation shall contain the following:

1) name of the court that has brought the decision for opening liquidation;
2) excerpt of the decision for opening liquidation;
3) company title, registered office, account number and unique identification number of the brokerage house;
4) full name and address of the liquidator;
5) invitation to the creditors of the brokerage house to report their claims;
6) invitation to the debtors of the brokerage house to settle their obligations immediately;
7) date of the placing the announcement on the bulletin board at the Competent Court; and
8) date of the hearing when the claims reported by the creditors are to be examined.

Submitting the Decision for Liquidation

Article 136

(1) The decision for opening liquidation shall be submitted to the Commission, brokerage house, banks and performer of payment operations where the brokerage house has an account and to the Central Register of the Republic of Macedonia.

(2) The Central Register of the Republic of Macedonia shall register the opening of the liquidation ex officio based on the submitted decision for opening liquidation.

(3) The decision for opening liquidation shall be placed on the web page of the Central Register of the Republic of Macedonia.

Legal Consequences Arising from Liquidation

Article 137

(1) Legal consequences arising form the liquidation shall appear on the day the opening of bankruptcy procedure is announced on the bulletin board in the court and on the web page of the Central Register of the Republic of Macedonia.

(2) The day the legal consequences arising from the liquidation appear all the rights and obligations of the members of the managing organ and the brokerage house's supervisory organ as well as the rights of the Assembly of shareholders shall cease to exist.

(3) As of the day the legal consequences arising from the liquidation appear the liquidator of the brokerage house shall not be entitled to conclude new contracts with clients.

Balances on Initiation of Liquidation

Article 138

(1) The liquidator shall prepare balances for initiation of the liquidation with the status which includes period of 30 days before the day the liquidation has been initiated as well as a report explaining the items of the liquidation balances.

(2) The liquidator shall submit the liquidation balances and the report to the Competent Court and to the Commission within fifteen (15) working days of the day the liquidation has initiated.

Rights and obligations of the Liquidator

Article 139

(1) The liquidator shall have the same rights and obligations as the managing organ of a brokerage house. The liquidator shall represent the brokerage house.

(2) The liquidator shall sign by adding the suffix "in liquidation" to the company title.

(3) The liquidator shall collect the receivables of the brokerage house; cash the remainder of the property and to settle the liabilities towards the creditors.

Allocation of the Assets of the Liquidation Estate

Article 140

(1) After the property has been cashed the liquidator shall inform the council with a proposal for allocation of the liquidation estate. Upon the liquidator's proposal the Liquidation Council shall issue a decision for allocation of the liquidation estate to the creditors whose receivables have been established.

(2) According to this decision the remainder of the property after the receivables towards the creditors have been settled shall be allocated to the shareholders of the brokerage house. The property shall be divided according to the ratio of the nominal value of the shares, unless otherwise prescribed in the Statute.

(3) The liquidator shall submit quarterly reports on the course of the liquidation to the Commission.

Decision to Terminate the Liquidation Proceeding

Article 141

(1) After all actions have been taken, the liquidator shall submit a proposal to the Court for closing the liquidation proceeding.

(2) Along with the proposal for closing the liquidation the liquidator shall submit initial liquidation balance, approved annual accounts and financial statements, as well as a plan for allocation and settlement of receivables of the creditors.

(3) The Liquidation Council shall issue a decision for closing the liquidation proceeding. No appeal against this decision shall be allowed.

(4) The decision for closing the liquidation proceeding shall be published in the "Official Gazette of the Republic of Macedonia".
(5) The decision for closing the liquidation proceeding shall be submitted to the Commission, the liquidator, banks and the performer of payment operations where the brokerage house has an account and to the Central Register maintaining the trade register.
(6) The Central Register maintaining the trade register shall ex officio delete the brokerage house from the trade register immediately upon receiving the decision for closing the liquidation procedure.

Proposal to Discontinue the Liquidation due to Satisfying the Requirements for Opening Bankruptcy Procedure

Article 142

If during the liquidation, the liquidator determines that:
(a) the assets of the brokerage house are not sufficient to settle the receivables of the creditors; or
(b) the assets of the brokerage house may not be cashed to settle the receivables of the creditors, he/she shall notify the Commission immediately and submit a proposal to the Competent Court for opening a bankruptcy procedure.

4.2 Bankruptcy Procedure over the Brokerage House
Reasons for Opening a Bankruptcy Procedure

Article 143

A bankruptcy procedure over a brokerage house shall be opened if:
1) the Commission determines that the financial situation of the brokerage house has not improved;
2) during supervision it has been determined that the assets of the brokerage house are not sufficient to settle all the receivables of the creditors;
3) the brokerage house is not able to settle the obligations within forty-five (45) calendar days from the date when they matured, as well as in the event of its over-debit.

Proposal for Opening Bankruptcy Procedure

Article 144

(1) The proposal for opening bankruptcy procedure may be submitted by the Commission, the creditors, the brokerage house as well as the liquidator.
(2) If the Commission submits the proposal for opening a bankruptcy procedure the Commission itself shall issue a decision for satisfying the requirements for opening a bankruptcy procedure.
(3) The Commission shall submit a proposal for opening bankruptcy procedure to the competent court on the first working day after the decision for satisfying the requirements for opening bankruptcy procedure has been reached. The decision for satisfying the requirements for opening a bankruptcy procedure shall be attached to the proposal.
(4) If the proposal for opening bankruptcy procedure has been submitted by the creditors or the brokerage house the Court shall deliver to the Commission a copy of the submitted proposal and all other decisions reached during the bankruptcy procedure.

Opening a Bankruptcy Procedure

Article 145

(1) If the Commission submits the proposal for opening a bankruptcy procedure the Competent Court shall issue a decision for opening bankruptcy procedure within eight days of the receipt of the decision for satisfying the requirements for opening bankruptcy procedure without any prior procedure.
(2) If the proposal for opening bankruptcy procedure is submitted by a creditor the Court shall issue a decision for prior procedure of examining the conditions for opening a bankruptcy

procedure and shall seek the Commission's opinion before issuing a decision for opening bankruptcy procedure.
(3) The Court shall also deliver the decision for opening bankruptcy procedure of the brokerage house to the Commission.

Application of Provisions of the Bankruptcy Law

Article 146

(1) The provisions from the Bankruptcy Law, as amended shall apply to the bankruptcy procedure over the brokerage house, except the provisions that refer to the reorganization plan, personal management, exemption from other obligations, special types of bankruptcy procedures for individuals having a status of a merchant, bankruptcy procedures with a foreign element and the Assembly of creditors and the Council of creditors.
(2) The Bankruptcy judge shall issue all decisions made by the Assembly of creditors and the Council of creditors concerning the selling of the property and cashing of the insolvency estate.

Separation of the Brokerage House's property

Article 147

(1) The financial assets of clients given by the client to the brokerage house to purchase securities or the financial assets gained from sale of the securities kept on separate accounts at authorized institutions shall not be considered a part of the brokerage house's property.
(2) When the legal consequences arise from the opening of the bankruptcy procedure the bankruptcy manager shall close all accounts at the authorized institutions and return to the clients the financial assets that are on the accounts.

5. Establishment and Operation of Investment Advising Companies and Investment Advisors

Investment Advising Companies

Article 148

(1) An investment advising company may provide investment advising services if it employs at least one person with a license for operation of an investment advisor.
(2) The services that are performed by the company from paragraph (1) of this Article are managing the portfolio of securities by order and for the benefit of an individual client and investment advising.
(3) The investment advising company shall obtain license for operation from the Commission.
(4) The investment advising company may not register with the trade register before obtaining a license for operation from the Commission.
(5) The Commission shall prescribe the documentation to be submitted with the application for license for operation of the investment advising company.
(6) The Commission shall decide for granting an operation license to an investment advising company within 90 calendar days from the date of submission of application to the Commission.
(7) The Commission shall publish the decision for granting the license for operation of an investment advising company in the Official Gazette of the Republic of Macedonia within eight (8) days of the day the decision is issued.
(8) The Commission shall maintain an investment advising companies register.
(9) The Commission shall prescribe the form, contents and the manner of maintaining the investment advising companies register.

Basic Capital and Liquid Assets of the Investment Advising Company

Article 149

(1) The investment advising company shall posses and at all times maintain basic capital in amount of Euro 10.000 in denar equivalent, calculated by the middle NBRM rate as of the date of receiving the license from the Commission.
(2) The Commission shall prescribe the mandatory structure and the manner of calculation and the basic capital of the investment advising company.
(3) The investment advising company shall at all times have liquid assets on disposal, in amount prescribed by the Commission depending on the extent and the type of the services related to securities and the possible risks during performing such services.
(4) The Commission shall prescribe the amount, type, maintaining and the manner of calculation and inspection of liquid assets of the investment advising company.

Investment Advisor

Article 150

(1) Only licensed investment advisors (hereinafter: investment advisors) shall perform services related to investment advising.
(2) An investment advisor shall pass an exam organized by the Commission for investment advising.
(3) An investment advisor shall not be sentenced by effective court decision for a crime in a period of five (5) years before applying for a license for an investment advisor.
(4) An investment advisor shall not be sentenced by an effective court decision for a crime of causing bankruptcy of a legal entity.
(5) The Commission shall prescribe the manner and the conditions for taking the exam referred to in Paragraph (2) of this Article.

Application for License for Operation of an Investment Advisor and Maintaining Register

Article 151

(1) Any physical person that satisfies the conditions referred to in Article 150 of this Law may apply for a license for operation of an investment advisor.
(2) The Commission shall issue a decision on the application referred to in Paragraph (1) of this Article within sixty (60) calendar days after submitting the application to the Commission.
(3) The Commission shall grant a license for operation of an investment advisor after establishing that the conditions referred to in Article 150 of this law have been satisfied.
(4) The Commission shall maintain a register of all investment advisors and make it available to the public.
(5) The Commission shall prescribe the form, contents and the manner of maintaining the investment advisors register.

Renewal of License for Operation of Investment Advisor

Article 152

(1) Each investment advisor shall be required to renew the license for operation with securities every five (5) years.
(2) Each investment advisor is obliged within a period of three (3) mounts before the expiration of the term in the paragraph (1) of this Article to submit an application for renewal of its investment advisor license to the Commission.
(3) The application set forth in paragraph (2) of this Article shall contain documentation required in Article 151.
(4) The obligation referred in paragraph (1) of this Article shall apply to the persons employed as investment advisors in licensed securities market participants.
(5) The Commission shall prescribe the procedure for renewing a license for operation of investment advisor.

V-a. SHAREHOLDERS WITH QUALIFYING HOLDING IN A BROKERAGE HOUSE, STOCK EXCHANGE OR DEPOSITORY

Shareholders with qualifying holding in a brokerage house, stock exchange or depositary

Article 152-a

(1) Natural person or legal entity who intends to acquire directly or indirectly, gradually or immediately shares whose total cumulative amount exceed 10%, 20%, 30% and 50% of the total number of issued shares with voting rights in a brokerage house or stock exchange or depositary, irrespective of whether has an intention to acquire the shares alone or together with other related persons, shell submit a request to the Commission for obtaining a prior approval for the acquisition of qualifying holding.

(2) A shareholder with qualifying holding in a brokerage house, Stock Exchange or Depository cannot become natural person or/and legal entity controlled by a person:

1) who was imposed a misdemeanour sanction prohibition to perform a profession, activity or duty, whilst the prohibition is still in force;

2) against whom a bankruptcy procedure has been initiated;

3) against whom has been imposed minor penalty:

- Prohibition on obtaining permission for operation of brokerage house, Stock Exchange or Depositary,
- Revocation of a license to operate as a brokerage house, Stock Exchange or Depository
- Temporary or permanent prohibition of dealing with securities and
- Prohibition of establishment of new legal entities;

4) who does not have a good reputation, thus compromising the safe and sound operations of the brokerage house, Stock Exchange or Depositary and

5) who fails to comply with the provisions of this Law or/and fails to enforce them, or otherwise acts contrary to the measures imposed by the Commission, that compromised or have been compromising the safety and soundness of the securities market.

(3) In case of intention of further acquisition of shares by a person who has already obtained a qualifying holding in a brokerage house, Stock Exchange or Depositary, which exceed the amount of shares whose acquisition is already approved by the Commission, the person is obliged to submit a request to the Commission for obtaining prior approval for further acquisition of shares above the determined amounts in paragraph (a) of this Article.

(4) Notwithstanding paragraphs (1) and (3) of this Article a person who, on the basis of a decision of a competent authority as defined by law acquired, gradually or immediately, shares in the total cumulative amount over 10% 20%, 30% and 50% of the total number of issued shares with votig rights of a brokerage house, Depositary or Stock Exchange irrespective of whether the it has acquired the shares alone or together with other related persons, shall submit a request to the Commission for obtaining an approval for such change within ten calendar days after the effectiveness of the Decision.

(5) The transaction for acquiring such shares shall be executed within 90 calendar days after the date of obtaining the prior approval of the Commission for acquisition of qualifying holding. After the expiration of this period, a procedure shall be initiated for obtaining a new approval.

(6) When the person who has already obtained an approval for acquiring qualifying holding in accordance to paragraphs (1) and (3) intends to reduce its holding, directly or indirectly, so that such holding in the total number of shares or the total number of issued shares with voting rights in the brokerage house, depositary or stock exchange will fall below 10% 20%, 30% and 50%, shall notify the Commission at least five working days prior to the reduction, on the following:

1) the total number of shares and the total number of issued voting shares in the brokerage house, Stock Exchange or Depositary that it intends to sell;

2) the amount by which its holding in the capital will reduce;

3) the total number of shares and the total number of issued voting shares in the brokerage house, Stock Exchange or Depositary, it will hold after the reduction and

4) the identity of the person who will acquire its shares in the brokerage house, Stock Exchange or Depositary, if it is known.
(7) In the cases of paragraphs (1) and (3) of this Article brokerage houses, subsidiaries of foreign brokerage houses and authorized banks at admission and execution of the order to purchase shares of brokerage house, Stock Exchange or Depository are necessarily required to review and obtain from the customer a copy of the approval from the Commission for acquisition of qualifying holding in accordance with paragraphs (1) and (3) of this article.

Request for obtaining prior approval for acquisition of qualifying holding in a brokerage house, stock exchange or depository

Article 152-b

(1) The request for obtaining prior approval for acquisition of qualifying holding in brokerage house, stock exchange or depository shall consist the following:
- Basic information about the person referred to in Article 152-a paragraph (1) of this Law,
- The number of shares and the size of their participation in the total number of issued shares with voting rights of the brokerage house, stock exchange or depositary that the person referred to in Article 152-a and paragraph (1) of this Law holds at the time of submission of the request and
- The number of shares and the size of their participation in the total number of issued shares with voting rights of brokerage house, stock exchange or depositary the person referred to in Article 152 -a paragraph (1) of this Law intends to acquire on the basis of the request for obtaining prior approval.
(2) With the request for aproval for acquisition of qualifying holding in a brokerage house, stock exchange or depository, the person referred to in Article 152-a paragraph (1) of this Law shall enclose the following:
1) evidence relating to Article 152-a paragraph (2) items 1, 2 and 3 of this Law;
2) proof of origin of the funds for payment of the shares for whose acquisition is required an approval;
3) if the person referred to in Article 152-a paragraph (1) of this Law is a natural person, evidence for the financial standing of that persons, and if the person referred to in Article 152-a paragraph (1) of this Law is a legal entity:
- certificate from the registry of the head office of the legal entity referred to in Article 152-a paragraph (1) of this Law,
- Complete audited financial reports for the last two years together with the opinion of an authorized editor and the notes to the financial reports,
- List of persons with direct or indirect ownership of more than 10% of shares or stakes in the legal entity and
- List of members of the management bodies of the legal entity;
4) List of legal entities in which the person from the Article 152-a paragraph (1) of this Law holds, directly or indirectly, more than 10% of the shares or stakes in the legal entity;
5) List of persons with whom the person referred to in Article 152-a paragraph (1) of this law has established and maintains a significant business relations with the description of the nature of these relations;
6) Description of the investment policy of the person from Article 152-a paragraph (1) of this Law relating to the investment in financial institutions.
(3) In addition to those stated under paragraphs (1) and (2) of this Article the Commission may require additional documents, data and information and conduct an interview with the person referred to in Article 152-a paragraph (1) of this Law i.e. the members of the management body of the legal entity referred to in Article 152-a paragraph (1) of this Law, in order to determine if the criteria for acquiring qualifying holding in brokerage house, stock exchange or depository are fulfilled.

(4) The person referred to in Article 152 and paragraph (a) of this Law which intends to acquire shares whose total amount exceeds 50% of the total number of issued shares with voting rights of the brokerage house, stock exchange or depository, in addition to the documents stated under paragraph (2) of this Article shall enclose with the request its own development plan for the operation of the brokerage house, stock exchange or depositary in which it intends to acquire qualifying holding.

(5) If the person referred to in Article 152-a paragraph (1) of this Law is a foreign person and the acquisition of qualifying holding by that person in a brokerage house, stock exchange or depositary according to this Law is an activity that is subject of supervision of a competent authority in the country where that person is registered, with the request from paragraph (1) of this Article shall be enclosed an approval or opinion of the competent authority related to the transaction for acquisition of qualifying holding in the brokerage house, stock exchange or depositary, or notification from the person referred to in Article 152 –a paragraph (1) of this Law that an approval for realization of the transaction is not required according to the law of the state where the person is registered.

(6) The Commission with regulation shall prescribe the needed additional documentation referred to in paragraph (3) of this Article for acquiring qualifying holding in brokerage house, stock exchange or depository.

Deciding upon the request for obtaining prior approval for acquisition of qualifying holding in a brokerage house, stock exchange or depositary

Article 152-c

(1) The Commission shall adopt a decision upon the request for obtaining prior approval for acquisition of qualifying holding in a brokerage house, stock exchange or depositary within 60 calendar days from the date of receipt of the request.

(2) The Commission shall reject the request for obtaining prior approval for acquisition of qualifying holding in a brokerage house, stock exchange or depositary under Article 152-b of this Law if:

1) the request does not contain the complete documentation;

2) the request contains incorrect and false data;

3) the available data and information in regard with Article 152-b paragraphs(1), (2) and (3) of this law indicate that as a result of the legal or financial standing, i.e. the method of its operating, or the nature of the activities of the person referred to in Article 152-a paragraph (1) of this law and/or the related persons with it, indicate a high-risk tendency which may compromise the safety, soundness and the reputation of the brokerage house, stock exchange or depositary i.e. its operations in accordance with the regulations and

4) there is reasonable ground to doubt the legitimacy of the origin of the funds, the reputation or true identity of the person under Article 152-a paragraph (1) of this Law or the related persons thereto according to this law.

(3) Against the Commissions' decision for rejection of the request for obtaining prior approval for acquisition of qualifying holding in a brokerage house, stock exchange or depositary can be appealed a complaint to the Commission for deciding upon complaints in the area of securities market within 15 working days from the date of its receipt.

(4) The complaint under paragraph (3) of this Article shall not delay execution of the decision of the Commission.

(5) In the case when the basis for rejecting the request of paragraph (2) of this Article is the legitimacy of the origin of the money, the Commission shall immediately inform the Anti-Money Laundering and Combating the Financing of Terrorism Office.

(6) The Commission shall make a decision to revoke the consent to acquire a qualifying holding if:

1) The approval is obtained by giving false statements;
2) The holder of a qualifying holding or the related persons by taking certain activities or work compromise the safe and sound operation of the brokerage house, stock exchange or the depositary;
3) The holder of qualifying holding or the related persons by exercising certain activities or work, impede the conduct of the supervision over the brokerage house, stock exchange or depositary or the conduct of supervision is considerably hindered;
4) In the case of a foreign entity-holder of qualifying holding, if the regulations in force in the country of origin of the foreign person or the practice when implementing those regulations indicate that the e supervision over the brokerage house, stock exchange or depositary will be hindered and disabled

Prohibition of acquisition of qualifying holding in a brokerage house, stock exchange or depositary without prior approval by the Commission

Article 152-d

(1) The acquisition of qualifying holding in a brokerage house, stock exchange or depository contrary to Article 152-a paragraphs (1) and (3) of this Law shall be prohibited.
(2) In case of acquisition of qualifying holding in a brokerage house, stock exchange or depository contrary to Article 152-aparagraphs (1), (3) and (4) from this Law, as in the case when the issued approval for acquisition of qualifying holding is revoked under Article 152-c paragraph (6) of this Law, the Commission shall bring a decision with which will determine that the shares acquired by the shareholder shall not bear any voting rights and the right of payment of dividend. (3) With the decision from paragraph (2) of this Article the Commission shall require from the shareholder who acquired shares contrary to Article 152-a paragraphs (1), (3) and (4) of this Law, as well as from the shareholder whose approval for acquisition of qualifying holding was revoked under Article 152-c, paragraph (6) of this law to sell the shares, that it acquired or hold contrary to this Law in a specific term which may not exceed one hundred and eighty days, except in the cases specified in Article 152-a paragraph (4) of this Law, when the Commission may determine a longer period.
(4) With the decision from paragraph (2) of this Article the Commission shall obligate the brokerage house, stock exchange or depositary – issuers of the shares to not allow the shareholder to exercise the voting rights and the right to dividend of the shares.
(5) The decision from paragraph (2) of this Article shall be submitted to the authorized depository in which the shares of the brokerage house, stock exchange or depositary are registered in order to make evidence on the account of the shareholder of the restrictions of the shares deriving from the decision of the Commission under paragraph (2) of this article.
(6) In case if the brokerage house, stock exchange or depositary act contrary to the obligation of paragraph (4) of this Article, the Commission will imposed measures prescribed with the provisions of the Articles 205, 206, 207, 215 and 218 of this Law.
(7) In the cases from paragraph (2) of this Article when maintaining general meeting of shareholders of the brokerage house, stock exchange or depository, the total number of shares with voting rights arising from the issued shares of the brokerage house, stock exchange or depositary will be reduced for the number of shares referred in the decision from paragraph (2) of this article. The remaining number of shares with voting rights represent total number of shares with voting rights in the brokerage house, stock exchange or depository.
(8) Against the decision of the Commission adopted under paragraph (2) of this Article may be appealed by complaint to the Commission deciding upon complaints in the area of securities market within 15 working days from the date of its receipt.
(9) The complaint under paragraph (8) of this Article shall not delay the execution of the decision of the Commission.

V-b Investor compensation fund

Establishment of the Investor compensation fund

Article 152-e

(1) For the purpose of compensation of the investors in securities shall be established an Investor compensation fund (hereinafter: the Fund).
(2) The Fund shall be founded and managed by a legal entity authorized by the Commission (hereinafter: the Fund operator).
(4) The Fund operator guarantees the payment of the compensation of the clients of the fund members with the money provided by the Fund, in accordance with its own rules, the conditions stipulated in this Law and bylaws of the Commission.
(5) The Commission shall prescribe with Regulation the manner and procedure for selection of the Fund operator.

Membership in the Investor compensation fund

Article 152-f

(1) The membership of the Fund shall be obligatory for the following
joint stock companies with registered office in the Republic of Macedonia:
- Brokerage houses and banks authorized to perform activities under Article 94 of this Law;
- Investment fund management companies when provide activities of asset management on behalf of an individual client - the owner of the portfolio (hereinafter: Fund members).
(2) The obligation in paragraph (1) of this Article applies to branches of foreign brokerage houses, banks and investment funds management companies from member state of the EU or OECD member country.

Cases in which compensation is made to the clients of the Fund members

Article 152 g

(1) Cover shall be provided for claims of the clients of the Fund members referred to in Article 152-fof this Law, which a Fund Member is not able to pay and/or repay to the client, in the cases where:
a) bankruptcy proceedings have been initiated over a Fund Member by the competent court or
b) The Commission determinates that a Fund Member is unable to meet its obligations towards its clients in the sense that it is unable to repay money owed and/or return securities held or managed by it, on behalf of the client.
(2) The procedure and criteria for the establishment of the case referred to in paragraph 1, item b of this Article shall be prescribed by the Commission in a regulation.

Claims of the clients of a Fund Member

Article 152 h

(1) Claims of clients of a Fund member that is not able to meet its obligations and which are covered are the following:
a) money funds owed by a Fund member to a client or belonging to a client and which are held on behalf of the client by the Fund member on the grounds of a prior agreement in accordance with this Law and the Law on Investment funds and
b) securities belonging to a client of a Fund Member and held by him or managed on behalf of the client, on the grounds of previously concluded agreement.
(2) Funds of clients of banks covered by the Law on the Deposit Insurance Fund
shall be exempt from the application of provisions referred to covering by the fund of from paragraph (1) of this Article.
(3) Claims of clients of a Fund Members arising out of transactions in connection with which with a final court decision a criminal conviction has been obtained for money laundering or financing terrorism, are not covered by the Fund under paragraph (1) of this Article.

(4) In case of suspicion that a claim of a client of a Fund Member arises out of a transaction in connection with money laundering and financing the terrorism, the payment of the claim shall not be executed until the effectiveness of the court decision with which criminal conviction on the connection of the transaction out of which the claim arose with money laundering and financing the terrorism has been obtained.
(5)The amount of protected claims of a client at one Fund Member shall be calculated as the total amount of claims of clients referred to in paragraph 1of this Article, regardless of whether the Fund Member keeps them at one or more accounts, on one or several contractual bases or in relation to one or several investment services, up to the secured amount referred to in Article 152-j of this Law. This amount shall include interests from the date when bankruptcy proceedings were opened over a Fund Member or from the date of publication of the Commission's decision on the occurrence of the case referred to in Article 152-m of this Law.
(6) The Fund operator does not provide cover in accordance with Article 152-jparagraph j (1) of this Law to the following clients of the Fund members:
1) Bank;
2) brokerage house;
3) investment fund management company and investment funds;
4) pension fund management company and pension funds;
5) insurance company;
6) subjects for joint investments,
7) natural or legal person holding more than 5% of the voting shares in the capital of a Fund member which is unable to meet its obligations;
8) parent or subsidiary company of a Fund Member which is unable to meet its obligations;
9) management board and supervisory board members or members of the board of directors of a Fund Member who is unable to meet its obligations if such persons are in the abovementioned positions or employed by a Fund Member when bankruptcy or liquidation proceedings are initiated over a Fund Member or on the date of disclosure of the Commission's ruling on the covered case, or were in these positions or employed during the current or previous financial year;
10) legal entities which have concluded contracts for acting as an intermediary with investment fund management company who is unable to meet its obligations, which act in such a capacity on the date of opening of bankruptcy proceedings over the investment fund management company , or the date of disclosure of the Commission's ruling on the covered case or were in these positions during the current or previous financial year;
11) authorized auditor responsible for carrying out the audit to the financial statements of the Fund member, as well as persons responsible for the maintain of the accounting records of the Fund member and for preparation of the financial statements;
12) members of the management board and the supervisory board or board of directors, and persons who holding 5% or more of the voting shares in the parent or subsidiary company of a Fund Member, and persons responsible for carrying out the audit of the financial statements of that company;
13) marital or extramarital partners and close relatives in a blood line to the second level and side line to the first level of the persons referred to in points 9 to 12 from this paragraph and
14) clients of a Fund member who have contributed to the covered case by non-fulfilling their obligations towards a Fund Member.

Article 152-i

(1) Claims relating to joint investment business to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature which has no legal personality may, for the purpose of calculating the amount of the covered claims in accordance

with this chapter, be aggregated and treated as if arising from an investment made by a single investor.
(2) Where the client is not absolutely entitled to the sums or securities held, the person who is absolutely entitled shall receive the compensation, provided that that person has been or can be identified before the date of publishing of the decision referred to in Article 152-m of this Law.
(3) If two or more persons are absolutely entitled to dispose of the funds or securities, the share of each under the arrangements subject to which the sums or the securities are managed shall be taken into account when the amount laid down in Article 152-j of this Law is calculated.
(4) The provision of paragraph (3) of this Article shall not refer on investments in investment funds.
(5)For the purposes of this Article, joint investment business shall mean investment business carried out for the account of two or more persons or over which two or more persons have rights that may be exercised by means of the signature of one or more of those persons.

Amount to which client's claims are covered

Article 152 j

(1) The claims of clients of a Fund member are covered to the amount of:
1) 100% of the total money funds and securities to any natural or legal person, client of a Fund member to the amount of 10,000 Euros in denar counter value.
2) 90% of total money funds and securities to any natural or legal person, client of a Fund member to the amount of 10,000 to 20,000 Euros in denar counter value, but not more than 20,000 Euros in denar counter value.
(2)All secured claims up to the amount provided for in paragraph 1 shall be completely covered.
(3) In the process of compensation interests shall not be determined and paid on the established amount of the claim from the date of the opening bankruptcy proceedings over a Fund Member or from the date of publishing of the decision referred to in Article 152-m of this Law until the date of the payment.

Rules for operation of the Fund

Article 152- k

(1) The operation of the Fund is laid down more in detail by the Fund Operator, in rules preliminary approved by the Commission.
(2) The rules of paragraph (1) of this Article must in particular contain the following:
1) The manner in which Fund assets are managed,
2) The manner and procedure for collecting the Fund Members' contributions,
3) Compensation manner and procedure,
4) procedure for informing the public, in particular clients of the Fund Member unable to fulfil its obligations,
5) the procedure for withdrawing from the Fund membership,
6) Fund management fee rate in accordance with the actual costs for management of the Fund:
7) the content of the request for compensation of in the investors in securities and
8) procedure for notifying the Commission of the operation of the Fund.

Determining the amount of secured claims

Article 152-l

(1) In determining the amount of a secured claim held by a single client of the Fund Member, the Fund Operator shall determine the client's claims towards the Fund Member, taking into account all legal and contractual provisions in connection with each claim, and in particular, he is obliged to calculate possible counterclaims on the date when opening bankruptcy proceedings or publishing the Commission's decision referred to in Article 152-m paragraph (2) of this Law.

(2) The amount of i the secured claims of the clients of a Fund member shall be determined on the day of opening of bankruptcy proceedings or the day of publishing the Commission's decision referred to in Article 152-m paragraph (2) of this Law.
(3) The value of the securities which the Fund member is obliged to return to the client is determined in accordance to their market value on the day of opening of bankruptcy proceedings or the day of publishing the Commission's decision referred to in Article 152 paragraph (2) of this Law.

Occurrence of an insured event

Article 152-m

(1) In the event of the occurrence of the circumstances referred to in Article 152-g paragraph 1 point a from this Law, the competent court shall adopt and submit a decision on the opening of bankruptcy proceedings against the Fund Member to the Commission and the Fund Operator without delay.
(2) Pursuant to the decision of the competent court under paragraph (1) of this Article, and in the event of the occurrence of the circumstances referred to in Article 152-g paragraph 1 point b) of this Law the Commission shall pass a decision on the occurrence of an insured event, and shall submit it without delay to the Fund Operator and the Fund Member unable to meet its obligations.
(3) The decision of the Commission in paragraph (2) of this Article shall be published in the Official Gazette of Republic of Macedonia and on the Commission`s website.

Proceedings of the Fund Operator upon the occurrence of an insured event

Article 152-n

(1) Having received the Commission's decision referred to in Article 152 –m paragraph (2) of this Law, the Fund Operator shall start a procedure in order to compensate clients of the Fund Member that
is unable to meet its obligations and shall notify the public at least in two daily newspapers out the territory of the Republic and the internet site of the Fund operator.
(2) Within 30 days from the date of publication of the Commission's decision referred to in Article 152 –m paragraph (2) of this Law, the Fund operator, in co-operation with a certified auditor and an authorised representative of the Fund Member unable to fulfil its obligations, shall determine the amounts of secured claims held by clients of the Fund Member, with the balance as of the day of
opening of bankruptcy proceedings or the day of publishing of the Commission's decision referred to in Article 152-m paragraph (2) of this Law, and and shall draw up a minute.
(3) The minute under paragraph (2) of this Article shall be immediately submited to the Commission by the Fund operator.
4) On the basis of information about clients of the Fund Member unable to fulfil its obligations, the Fund Operator shall send notification in written to every client, inviting them to submit a compensation claim.
(5) The client of the Fund Member unable to fulfil its obligations may submit his compensation claim within five months from the day of publishing of the Commission's decision referred to in Article 152 –m paragraph (2) of this Law in the "Official Gazette of the Republic of Macedonia".
(6) Notwithstanding subparagraph (5) of this Article when the client was prevented from
filing a compensation claim for reasons beyond his influence within the deadline set in paragraph (5) of this Article may subsequently file a compensation claim within 1 year from the day of publishing of the Commission's decision in the "Official Gazette of the Republic of Macedonia.
"In this case the client is obliged to provide evidence confirming his inability to do so within the deadline specified in paragraph (5) of this Article.
(7) The client referred to in paragraph 5 of this Article shall lose the right to reimburse the insured amount after the expiry of 5 years from the day of publishing the Commission's decision referred

to in Article 152-m paragraph (2) of this Law in the "Official Gazette of the Republic of Macedonia".

Obligations of the Fund member to the Fund operator

Article 152-o

The Fund Member that is unable to fulfil its obligations shall promptly submit at the request of the Fund Operator the following:

- a list of the clients of the Fund Member that have the right to compensation, with all the records relating to the clients' claims secured by this Law and
- the amounts of claims for which the clients are entitled to compensation.

Payment of the secured claims to the clients

Article 152-p

(1) The Fund Operator shall pay the established amounts of secured claims from the Fund to an account of the Fund Member's client.

(2) The Fund Operator shall pay the established amount of a secured claim to a client of the Fund Member unable to fulfil its obligations without delay, at the latest within 90 days from the day of establishing the right to reimburse the secured claim, or the day of determining the amount of the same
claim, or exceptionally, within a further term of 90 days, pursuant to a special Commission decision.

(3) The right to payment of the secured amount under Article 152-j from this Law is not transferable, but can be inherited.

Refund of the paid secured funds

Article 152-q

(1) From the day of payment of the insured amount referred to in Article 152-j from this Law, the client's claim toward the Fund Member is reduced by the reimbursed amount.

(2) The Fund is entitled to a refund of the paid secured funds in bankruptcy proceedings against the Fund Member unable to fulfil its obligations, on the basis on prior request submitted to the bankruptcy manager of the Fund member.

(3) The claims of the Fund on the basis of payment of secured claims shall be settled before the claims of all other creditors.

(4) The request referred to in paragraph 2 of this Article is submitted to the competent court by the Fund Operator on behalf of the Fund

Obligations of the Fund Member's for calculating and paying contributions

Article 152 - r

(1) Fund members shall regularly calculate and pay in contributions to the Fund.

(2) Notwithstanding paragraph (1) of this Article, and pursuant to the Commission's decision, the obligation of the Fund member for payment of the contribution to the Fund shall ceases i.e. shall be reduced in the following cases:

1) temporarily or permanently cease to perform some activities in Article 94 of this Law, i.e. the activity of asset management on behalf of an individual client the owner of a portfolio referred to in the Law on investment funds or

2) when its operating licence is temporarily or permanently withdrawn.

(3) After the withdrawal of the operating license, the compensation of the claims of the clients under Article 152 - j of this Law shall continue to be provided in respect of the claims that are resulting from the activities taken up to the time of that withdrawal.

Fund Member's contributions

Article 152-s

(1) The Fund Member's contribution consists of the initial and regular contributions. The funds paid on behalf of contribution are not retrievable.

(2) The Fund Member referred to in Article 152-g from this Law shall pay in the initial contribution to the Fund in the amount of 5.000 Euros in denar counter value within 8 days after receipt of the decision whereby registering its incorporation with the trade registry.

(3) The Commission shall lay down the manner and deadlines relating to the payment of regular contributions, on the basis of the type, scope and risk of the activities performed by the Fund Member.

Consequences of default on the part of the Fund Member

Article 152-t

(1) When the Fund member fails to pay in the contribution provided for in Article 152-s from this Law within the set deadlines, the Fund Operator is authorised to calculate penalty interest on the amount of unpaid contribution.

(2) Supervision over the execution of the obligations of Fund member performs the Fund Operator.

(3) The Fund Operator shall inform the Commission without delay on any failure to fulfil obligations or default in settling obligations.

(4) The Commission will take measures pursuant to Article 194 of this Law towards the Fund member that is not meeting its obligations to the Fund.

(5) The clients of the Fund member did not lose the right to reimbursement the amounts provided in Article 152-j of this Law in case of inability of the Fund member in a certain period of time to pay in the contributions under Article 152 -s of the Law.

Keeping the account books and reporting to the Commission and the Fund Operator

Article 152 - u

The Fund Member shall organise its operation and shall keep its account books, business files and any other records relating to the clients' claims provided for in this Law and shall submit them to the Commission and the Fund operator.

Use and Data Protection

Article 152-v

(1) The Fund Operator shall keep the data on the balance of single claims of the clients and any other data, facts and circumstances that have come to his knowledge while performing his competencies and duties from, as professional secrecy, in accordance with the regulations that enact the protection of confidentiality of data.

(2) The Fund Operator may use the data referred to in paragraph 1 of this Article that has come to his knowledge while performing his competencies and duties, exclusively for the purpose for which it is provided, and shall not reveal it to third parties or enable the third parties to find it out, except in cases laid down by law.

(3) The provision of paragraph (2) of this Article shall also applies to all individuals who in their role of employees or other role work or have worked for the Fund operator.

Fund assets

Article 152-w

(1) The contributions paid into the Fund and the other income referred to in paragraph 2 of this Article realised by the Fund Operator are kept in a separate account open with the National Bank of Republic of Macedonia.

(2) Fund assets consist of:

1. contributions paid in by the Fund Members in accordance with the provisions of Article 152-s of this Law,
2. funds collected in bankruptcy proceedings against a Fund Member,
3. income from investment in free Fund assets,
4. other income.
(3) Fund assets are used by the Fund Operator to pay off the clients' secured claims and they cannot be used for other purposes, neither can they be the subject of enforcement towards a Fund Member or the Fund Operator.
(4) Fund assets may be invested in:
- Securities issued by the Republic of Macedonia, member state of the European Union, member states of OECD and central banks of these states,
- Bonds and other debt securities guaranteed by the Republic of Macedonia, member state of the European Union or member states of the OECD and
- Bonds and other debt securities issued by local authorities of the Republic of Macedonia, the member states of the European Union or member states of the OECD.
(5) The operator shall keep the records of the Fund and submit monthly report to the Commission for the available funds.
(6) The Commission shall prescribe the form and the contents of the records and the report referred to in paragraph (5) of this Article.

Management fee

Article 152-x

(1) The Fund Operator charge a fee for Fund management.
(2) The fee for Fund management is paid annually and in equal amounts for all Fund members.
(3) The funds collected on the basis of the Fund management fee may be used:
1. to cover the costs incurred in the procedure of reimbursing the insured amounts,
2. to cover the costs incurred by the Fund Operator in the procedure of collecting claims from the bankruptcy estate of a Fund Member,
3. for the costs associated with investments of Fund assets,
4. costs of employees of the Fund Operator and other operating costs of the Fund Operator associated with the insurance of the investors' assets.

Information on the Investor Compensation Fund

Article 152-y

(1) In all of its premises intended for operation with clients, the Fund Member shall disclose in a visible place and in a clear manner data relating to the Investor Compensation Fund pursuant to this Law.
(2) At the request of a client, the Fund Member shall provide him with information concerning the conditions under which the clients' claims are compensated through the Investor Compensation Fund.
(3) The Fund Members shall not disclose their Membership in the Investor Compensation Fund, with the aim of promoting themselves.

Proceedings of the Fund Operator in the case of lack of resources in the Fund

Article 152-z

(1) In the event that the Fund does not have enough resources available to compensate the clients of the
Fund Member unable to fulfil its obligations, the Fund Operator shall obtain additional funds:
- from borrowing in the state and abroad, where the Fund Members are jointly liable for the repayment of proceeds obtained from a borrowing or
- additional payments by the Fund members .

(2) The Commission shall prescribe the amount and manner of payment of the additional payments under paragraph (1) indent 2 of this Article“

VI.JOINT STOCK COMPANIES WITH SPECIAL REPORTING OBLIGATIONS AND REPORTING OBLIGATIONS FOR THE MEMBERS OF THE MANAGEMENT, DIRECTORS AND SHAREHOLDERS

1. Joint Stock Company with Special Reporting Obligations

Registry of Joint Stock Companies with Special Reporting Obligations

Article 153

(1) The Commission shall maintain the Registry of Joint Stock Companies with Special Reporting Obligations (hereinafter: Registry). An issuer shall be included in the Registry if it is a Joint Stock Company with Special Reporting Obligations.

(2) the register of joint stock companies with more specified reporting obligations are managed and publishers of debt securities from who from the date of issuance till the date of maturity and to the full payment of the debt securities have the status and obligations of a joint stock company with specific reporting obligations

(3) The provisions of paragraph (2) of this Article shall not apply to a case of a private offering of debt securities whose transfer is limited.

(4) An issuer shall be removed from the Registry of Joint Stock Companies with Special Reporting Obligations (hereinafter of this Chapter: Joint Stock Company) within seven (7) business days of receiving a request from the issuer for its removal from the Registry and confirmation from a Depository that the issuer no longer fulfils the criteria for inclusion in the Registry.

(5) The Commission shall provide written notification to the Joint Stock Company within seven (7) business days after such entity is entered into or deleted from the Registry.

(6) The Commission shall prescribe the form, contents and manner for maintaining a Register of the Joint Stock Companies with Special Reporting Obligations.

Annual Reports

Article 154

(1) Joint Stock Company is obliged to prepare and to submit to the Commission its annual report for its financial results, legal status and operation within five months after the end of each calendar year .

(2) The annual report shall include:

(a) Financial Statements prepared in accordance with International Financial Reporting Standards, together with an opinion from a certified auditor summarizing the results of an audit of the Financial Statements conducted according to International Auditing Standards;
(b) discussion and analysis of business results and prospects of the Reporting Company;
(c) information regarding the members of the Management and Supervisory Boards or the Board of Directors, as the case may be, of the Joint Stock Company, including their respective percentage ownership of the basic capital of the Reporting Company;
(d) information regarding natural persons or legal entities holding greater than five (5%) percent of the voting Shares of the Joint Stock Company;
(e) information as to compensation arrangements with respect to members of the Joint Stock Company’s Supervisory Board or Board of Directors, as the case may be, and senior management members;
(f) information as to any transactions entered into between the Joint Stock Company and an Affiliate thereof;
(g) policy on dividends;

(h) information pertaining to the Joint Stock Company's acquisition of Treasury Shares; and
(i) a statement as to any significant changes of the data contained in the Prospectus, if the Joint Stock Company has previously issued one within the last 12 months.

(3) The Commission shall retain all annual reports submitted pursuant to this Article for a period of no less than three (3) years after the date of delivery.

Publication of Annual Report Summary

Article 155

(1) Each Joint Stock Company shall publish a summary of the audited annual report, along with the opinion by the certified auditor, in at least one daily Macedonian newspaper within fifteen (15) calendar days from the day the audited annual report was received by the Commission.

(2) The summary referred to in Paragraph (1) of this Article shall contain a statement that the entire annual report is available at the head office of the Joint Stock Company as well as at the office of the Commission.

Semi-Annual Reports

Article 156

A Joint Stock Company shall submit to the Commission a semi-annual report covering the first six months of the financial year no later than forty-five (45) calendar days after the 6-month period terminates. The semi-annual report shall contain:

(a) an explanatory statement relating to the Joint Stock Company's business activities, updating the information provided in the previous annual report; and

(b) non-audited Financial Statements prepared in accordance with the International Financial Reporting Standards.

Quarterly Financial Reporting

Article 157

(1) A Reporting Company shall submit to the Commission Quarterly Financial Reports covering the first and the third quarter, respectively, cumulative for the current year, no later than thirty (30) calendar days thereafter.

(2) The Quarterly Financial Report referred to in paragraph (1) of this Article shall contain, at a minimum:

a) consolidated figures, presented in table form, indicating, for the relevant three-month period, the net income, and the profit or loss before or after taxation;

b) an explanatory statement relating to the Reporting Company's activities and profit and loss during the relevant three-month period.

(3) If the Joint Stock Company so chooses, it may give an indication in the Reports referred to in paragraph (1) of this Article of the likely future development of the Joint Stock Company (and its affiliates, if any) at least for the remaining calendar year, including any significant uncertainties and risks which may affect the operation of the reporting company.

Current Reports and Proxy Materials

Article 158

(1) A Joint Stock Company shall file with the Commission copies of any reports prepared by the executive members of the Board of Directors or Management Board, as the case may be, with respect to:

(a) losses that exceed 30% of the value of the Joint Stock Company's assets;

(b) reduction of basic capital below the amount stipulated by the Statute; or

(c) other special reports on the operation of the Joint Stock Company or on particular aspects of its operations.

(2) The reports referred to in paragraph (1) of this Article shall be submitted to the Commission within five (5) calendar days of their completion.
(3) When a Joint Stock Company is in possession of Price Sensitive Information and such Price Sensitive Information has not been made public previously, the Joint Stock Company shall be obliged to immediately notify the Commission and issue a public report (hereinafter: Current Report), published in at least one daily newspaper in the Republic of Macedonia as soon as possible, but not later than ten (10) calendar days after obtaining the Price Sensitive Information.
(4) Circumstances that must be immediately disclosed as referred to in paragraph (3) of this Article shall include (without limitation):
(a) the Joint Stock Company's acquisition or disposition of a part of its assets;
(b) a change in the Joint Stock Company's authorized auditor;
(c) the resignation or dismissal of members of managing bodies;
(d) the Joint Stock Company's entry into or termination of a material agreement or other legal event not in the ordinary course of business;
(e) any event that triggers a default or acceleration of a financial obligation of the Joint Stock Company;
(f) the institution of bankruptcy or liquidation proceedings by the Joint Stock Company;
(g) failure to maintain required conditions with respect to outstanding Bonds;
(h) all court procedures in which the Joint Stock Company is involved as a complainant or defendant and whose value is at least 5% of the value of the capital of the company determined on the basis of the latest audited annual financial reports; and
(i) all changes in the rights attaching to the shares of the same class.
(5) A Joint Stock Company shall promptly submit to the Commission a copy of all materials disseminated to shareholders in convening meetings of the Assembly (proxy materials).

Prohibition on Partial Disclosure

Article 159

Whenever a Joint Stock Company, or any person acting on its behalf, discloses Price Sensitive Information regarding the Joint Stock Company or its Securities to a brokerage house or an employee thereof, investment advisor, investment fund, or advisor or employee thereof, pension fund, or advisor thereof or pension company, the Joint Stock Company shall make (a) simultaneous public disclosure of such information with respect to intentional disclosures and (b) prompt public disclosure of such information with respect to non-intentional disclosures.

Dissemination of Reports

Article 160

(1) The Joint Stock Company shall file the annual, semi-annual, quarterly and current reports with the Commission.
(2) The Joint Stock Company shall provide a copy of the annual, semi-annual, quarterly and Current Reports to each owner of its Securities, upon their request, at the expense of the Joint Stock Company.
(3) The Joint Stock Company shall provide copies of the annual, semi-annual, quarterly and Current Reports to any member of the general public upon their request and may charge a fee only to cover cost of printing.
(4) A Joint Stock Company shall provide in electronic format the annual, semi-annual, quarterly and Current Reports to any licensed stock exchange on which it's Securities are listed.

Non-Disclosure of Sensitive Information
Article 161

A Joint Stock Company may request the Commission for an exemption from the requirement to disclose certain information in its annual report, semi-annual report, current reports, or as otherwise required by this Chapter if public notification would significantly endanger important business interests of the Joint Stock Company or would be contrary to the public interest and the Joint Stock Company can guarantee the confidentiality of such information.

Reporting Obligations during Bankruptcy or Liquidation Procedure
Article 162

Provisions of Articles 154 and 160 of this Law shall not apply to a Joint Stock Company that is subject to any bankruptcy or liquidation procedure.

Cessation of the Obligation to Report
Article 163

The obligation of a Joint Stock Company to submit reports pursuant to Articles 154 through 160 shall cease for all reporting periods after the date that the Joint Stock Company is deleted from the Registry.

Responsibility for Accurate Reporting Information
Article 164

The reports submitted pursuant to Articles 154, 155,156, 157 and 158 of this Law shall be signed by the Chairman of the Board of Directors; the President of the Management Board as the case may be; and the General Manager of the Joint Stock Company, whose names and functions shall be precisely and clearly indicated. These persons shall verify that the information contained in the report is in accordance with the facts and that the report makes no omission likely to affect its importance.

2. Reporting Obligations of Members of Managing Organs and Directors
Ownership Reports
Article 165

(1) Within fifteen (15) working days of being elected or appointed as a member of the Supervisory Board, Management Board or Board of Directors, as the case may be, of a Joint Stock Company, the member shall file a report with the Commission and the Reporting Company stating the amount of Securities issued by the Joint Stock Company that are held by the member (hereinafter, the "Initial Ownership Report").
(2) A member of the Supervisory Board, Management Board and Board of Directors, as the case may be, of a Joint Stock Company shall provide notice to the Commission and the joint stock companies, within five (5) calendar days from the settlement of every Trade Transaction and/or the execution of non-Trade Transfer that it enters into with respect to Securities of the Joint Stock Company of which it is a board member (hereinafter, the "Transfer Report").
(3) The Director and every senior management member of a Joint Stock Company shall submit the reports set forth in paragraphs (1) and (2) of this Article within the same deadlines.

3. Reporting Obligations of Certain Shareholders
Initial Ownership Reports
Article 166

(1) When any legal entity or natural person (together with its or his/her Affiliates) purchases or otherwise acquires Securities issued by a Joint Stock Company in an amount such that the owner (together with its or his/her Affiliates), directly or indirectly, owns in the aggregate greater than 5% of any class of Security issued by the Joint Stock Company, the owner shall file a report with

the Commission and the issuer disclosing the ownership (hereinafter, "Initial Ownership Report of a Shareholder") within five (5) business days after the settlement of a Trade Transaction or execution of Non-Trade Transfer of Securities.
(2) Any legal entity or natural person (together with its or his/her Affiliates) who, directly or indirectly, owns greater than 5% of any class of Security issued by a Joint Stock Company shall report all subsequent acquisition and disposition of all securities issued by the Joint Stock Company to the Commission and the issuer (hereinafter, "Transfer Report of a Shareholder") within five (5) business days.
(3) If any shareholder of a Security issued by a Joint Stock Company sells or otherwise disposes of Securities such that the owner (together with its or his/her Affiliates) no longer holds greater than 5% of any class of Security issued by the Joint Stock Company, the owner shall file a Transfer Report for the sale or disposition (hereinafter, "Closing Transfer Report of a Shareholder") and, upon filing, the requirements of paragraph (2) above shall no longer apply.
(4) For purposes of paragraph (1) of this Article, a natural person or a legal entity shall be deemed to own Securities a Joint Stock Company if the Securities are:
(a) held by such natural person or legal entity directly; or
(b) held by an Affiliate of such natural person or legal entity.
(c) available for purchase by any of the foregoing persons or entities described in items (a) and (b) pursuant to an Option Contract;
(5) The notice required by paragraph (1) of this Article shall contain:
(a) the full name, unique identification number and address of the natural person or legal entity that has acquired or alienated the Securities;
(b) the legal basis for transfer of the Securities;
(c) the number of acquired or alienated Securities;
(d) the date on which the acquisition of disposal of Securities was effected; and
(6) If the entity or person referred to in paragraph (1), (2) and (3) of this Article fails to comply with its reporting obligations under this Article, it shall forfeit any voting rights of the Securities until the required reports have been officially received by the Commission.

3.a. Reporting Requirements of a Joint Stock Company
Ownership Report
Article 166-a

A Joint Stock Company shall, within ten (10) business days from the date of settlement of the trade transaction or execution of the non-trade transfer of securities, by which a legal entity or natural person together with its affiliates directly or indirectly acquires more than 5% of any class of shares issued by the joint stock company or sells them or in any other dispose them, and as a consequence together with its affiliates it does not possess any longer more than 5% of the securities, notify the Commission of the change that occurred.

Secondary Regulations
Article 167

The Commission shall prescribe:
(a) the method and timing of entering and deleting an issuer into or from the Reporting Company Registry, the contents and manner of maintaining the Registry, the manner of updating data in the Registry and the accessibility of the public to the Registry;
(b) the form and contents of the annual report, summary of annual report, semi-annual report, quarterly report and current report;
(c) timing and manner of pubic disclosures required pursuant to Article 158 and 159 of this Law;
(d) the contents, method and deadline for applying for the exemption to disclose confidential information pursuant to Article 160 of this Law; and
(e) the form and required contents of the repots under Articles 165, 166 and 166-a of this Law.

4. Reporting obligations of joint stock companies that are not maintained in the Register of Joint Stock Companies with special reporting obligations

Article 166-b

(1) Joint stock companies and other entities - issuers of securities whose securities are not listed on a Stock Exchange and are not maintained in the Register of joint stock companies with special reporting obligations are obliged to publish the following data:
- Revenues(total) from regular operations before tax, profit for the financial year, net cash flow, profit per share for the financial year and dividend per share,
- Changes in ownership structure over 10%
- Status changes of the company,
- Changes in the management and governance,
- New issue of securities
- Other changes in operation which significantly influenced the price of securities.

(2) Joint Stock Companies and other entities - Issuers of securities are obliged to publish data referred to in paragraph (1) of this article, on the web page of authorized Stock Exchange.
(3) Joint Stock Companies and other entities - issuers of securities are obliged to publish data referred to in paragraph (1) line 1 of this article within 15 days after the adoption of annual accounts, respectively financial statements of the issuer, while data referred to in paragraph (1) lines 2, 3, 4, 5 and 6 of this article as soon as possible, but no later than 10 days from the day of occurrence of change.
(4) Joint Stock Companies and other entities-issuers of securities are obliged to publish audited financial statements and the opinion of the authorized auditor on the web page of authorized Stock Exchange, if the issuer pursuant to the Law, is obliged to audit its financial reports and the opinion of the auditor to published in a daily newspaper, distribute on a territory of the Republic of Macedonia, within 15 days after the adoption.

VII. PROHIBITED CONDUCT WITH RESPECT TO SECURITIES

Unauthorized Offerings of Securities

Article 168

An offering of Securities other than in accordance with the provisions of this Law shall be void.

Prohibited Activities Regarding Offerings of Securities

Article 169

With regards to the Prospectus it shall be prohibited in the course of offering securities:
(a) to include in a Prospectus any untrue price sensitive information or
(b) to omit from a Prospectus any important information or price sensitive data that might mislead the investors.

Price Manipulation

Article 170

(1) It shall be prohibited for a licensed securities market participant or another physical or legal person to create a false impression of the market for a particular Security by:
(a) conducting a Trade Transaction with Securities in such a manner that its execution does not result in a change of owner;
(b) issuing an order for the purchase or sale of a Security with prior knowledge that an order has been given or will be given for the sale or purchase of that Security at approximately the same price by the same or another person or entity in order to create a fictitious price or appearance of active trading in that Security.

(2) It shall be prohibited for any person or entity to conduct any Trade Transaction with respect to Securities solely:
(a) in order to increase the price of that Security and encourage (mislead) other investors to buy that Security;
(b) in order to depress the price of that Security and encourage (mislead) investors to sell that Security;
(c) in order to give the appearance of active trading in that Security and thus encourage (mislead) other investors to purchase and/or sell that Security.

Spreading False Information
Article 171

(1) It shall be prohibited to spread false or misleading information, through the media, including the internet or other means, which influences, the volume of trade or price of any Security where the person or entity who made the dissemination knew, or ought to have known, that the information was false or misleading.
(2) Journalists acting in their professional capacity, who disseminate false or misleading, shall be liable if they derive, directly or indirectly, an advantage or profits from the dissemination of the information in question.

Prohibition of Fraudulent Conduct
Article 172

It shall be prohibited for, for a licensed securities market participant or another physical or legal entity directly or indirectly, in connection with the purchase or sale of any Security:
(a) to employ any device or scheme to defraud,
(b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and
(c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person

Inside Information
Article 173

(1) No legal entity, shareholder, member of the Management Board, member of the Supervisory Board, Member of the Board of Directors, employees or retained consultants or others working pursuant to a contract of a legal entity or other individuals who, as a result of professional duty have access to Inside Information, shall be permitted to purchase or sell any Security on the basis of Inside Information or otherwise acquire any material benefit as a result of such Inside Information.
(2) Unless otherwise required by law, no person identified in paragraph (1) of this Article shall be permitted to disclose Inside Information to third parties, or recommend, on the basis of such Inside Information, to third persons to purchase or sell any Security to which that Inside Information relates.
(3) No person or entity who knowingly receives Inside Information from a person identified in paragraph (1) of this Article shall be permitted to purchase or sell any Security on the basis of such Inside Information or otherwise acquire any material benefit as a result of such Inside Information.
(4) This Article shall not apply to Trade Transactions conducted in the discharge of an obligation that has become due to purchase or sell Securities where that obligation results from an agreement concluded before the person or entity concerned possessed Inside Information.
(5) The Commission shall prescribe methods to prevent the misuse of Inside Information.

Reporting Transactions Based on Inside Information

Article 174

(1) Any person identified in Article 173, paragraph (1) of this Law or legal entity with access to Inside Information shall be obliged to inform the issuer, the Commission and any exchange on which such issuer's Securities are listed in the event that the person or legal entity has knowledge about any purchase or sale of Securities on the basis of Inside Information.

(2) The Commission shall prescribe the contents and manner of the notifications required pursuant to paragraph (1) of this Article.

Supervision over Dissemination of Inside Information

Article 175

(1) In order to prevent violations on the prohibition on the use of Inside Information, and/or to uncover any such violations, the Commission may request relevant explanations and data from the following persons or legal entities:

(a) members of the Management Board, Supervisory Board or Board of Directors of any Reporting Company or other issuer whose securities are admitted for trading on the securities exchange;

(b) Any officer of any Reporting Company or other issuer whose securities are admitted for trading on the securities exchange;

(c) any shareholder who owns greater than 5% of the outstanding voting Securities of any Reporting Company or other issuer whose securities are admitted for trading on the securities exchange;;

(d) any issuer who's Securities is listed on a licensed exchange in the Republic of Macedonia;

(e) any brokerage house accepting orders and/or performing individual tasks relating to any purchase or sale of Securities;

(f) any other individual and legal entity and employees thereof, who might be familiar with individual cases of unauthorized use of Inside Information.

(2) The persons referred to in paragraph (1) of this Article shall:

(a) be obliged to respond to the Commission's request for information and provide it with relevant information and oral explanations;

(b) be obliged, at the Commission's request, to disclose the identity of a person or entity for whose account a particular transaction in Securities was made; or

(c) be obliged, at the Commission's request, to present any and all documentation regarding a particular transaction in Securities.

False or Misleading Financial Statements

Article 176

(1) It shall be prohibited for any auditor or accountant to certify any false or misleading or materially incomplete Financial Statement which is in violation of International Financial Reporting Standards and International Audit Standards.

(2) In the event of a violation of paragraph (1) of this Article, the auditor or accountant shall be liable for damages to any person suffering financial loss as a result of such false, misleading or materially incomplete Financial Statements negligently.

Confidentiality Obligations

Article 177

(1) The members of the management bodies, the Director, the employees and the certified auditors of a Depository, shall maintain the confidentiality of all data learned in the course of their daily operations, unless such data is otherwise known to the public or is required to be disclosed pursuant to this Law or any other law.

(2) The members of the management bodies, the Director, the employees and the certified auditors of a licensed stock exchange, shall maintain the confidentiality of all data learned in the course of their daily operations, unless such data is otherwise known to the public or is required to be disclosed pursuant to this Law or any other law.
(3) The members of the management bodies, the Director, the employees and the certified auditors of a brokerage house shall maintain the confidentiality of all information they learn in relation to the operation of the brokerage house, unless such data is otherwise known to the public or is required to be disclosed pursuant to this Law or any other law.

Purchasers of Unauthorized Offer of Securities

Article 178

A person who has purchased Securities offered by an issuer in violations of Chapter II of this Law shall be entitled at any time to bring a judicial action in an authorized Court to recover the consideration paid for such Securities together with interest, calculated at the deposit interest rate, less the amount of any income received.

Actions Relating to Fraudulent Offering Prospectus

Article 179

(1) A person who has purchased a Security that has been offered pursuant to a Prospectus that, unbeknownst to such person, contains an untrue statement of material fact or omits to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading, shall be entitled to sue the following persons in an authorized Court to recover the consideration paid for such Security together with interest calculated at deposit interest rate, less the amount of any income received thereon, upon the tender of such Security to the issuer, or for damages if he no longer owns the Security:
(a) the issuer of the Security;
(b) any person who signed the Prospectus;
(c) any person who was a member of the Board of Directors, Supervisory Board or Management Board, as the case may be, of the issuer at the time of issuing the Prospectus; and
(d) any accountant or authorized auditor who has, with his/her consent, been named as having prepared or certified any part of the Prospectus or as having prepared or certified any report or valuation or Financial Statements used in preparation of the Prospectus.
(2) If a person acquired the Security after the issuer has made generally available to its shareholders Financial Statements covering a period of at least twelve (12) months after the date the Prospectus is issued, then the right of recovery under this paragraph shall be conditioned upon proof that such person acquired the Security relying upon such untrue statement in the Prospectus or relying upon the Prospectus and not knowing of any omission.
(3) Notwithstanding the provisions of paragraph (1) of this Article, no person shall be liable if such person proves that:
(a) he/she resigned from every office, capacity or relationship in which he/she was described in the Prospectus prior to issuance of the Prospectus and advised the Commission and the issuer in writing of any such actions;
(b) the Prospectus became effective without his/her knowledge and, upon becoming aware of its issuance, he/she advised the Commission and gave reasonable public notice that the Prospectus had become effective without his/her knowledge; or
(c) he/she had, after reasonable investigations, reasonable grounds to believe that statements in the Prospectus were true and that there was no omission of any Price Sensitive Information.

(4) The damages that may be recovered pursuant to paragraph (1) of this Article shall be no greater than the price at which the Security was offered to the public and shall represent the difference between the amount paid for the Security and:
(a) the determined value according to expert opinion of such Security as of the time such lawsuit was brought;
(b) the price at which such Security was sold in the Secondary Market prior to the lawsuit and
(c) the price at which such Security is sold at on the Secondary Market after lawsuit.
(5) All or any one of the persons specified in paragraph (1) of this Article shall be jointly and severally liable.

Liability for Manipulation of Securities Prices

Article 180

(1) Any person who willfully participates in any act or transaction in violation of Article 176, 177 or 178 of this Law shall be liable to any person who shall purchase or sell any Security at a price which was affected by such act, and the person so injured may sue in an authorized Court to recover the damages sustained as a result of any such act or transaction.
(2) No lawsuit shall be maintained to enforce any liability created under paragraph (1) of this Article unless brought within one (1) year after the discovery of the facts constituting the violation.
(3) No lawsuit shall be maintained to enforce any liability created under paragraph (2) of this Article unless brought within three (3) years after such violation.

Anti- Money Laundering and Financing of Terrorism

Article 180-a

(1) An authorized participant on the securities market is obliged to act in accordance with regulations for anti- money laundering and financing of terrorism.
(2) The Commission is monitoring the implementation of regulations for anti-money laundering and financing of terrorism by the authorized participant on the securities market.
(3) Because of non-compliance in accordance with regulations of anti- money laundering and financing of terrorism, by an authorized participant on the securities market, the Commission could issue a decision to imposed a measure referred to in article 194 of this Law

VIII: THE SECURITIES AND EXCHANGE COMMISSION

1: Status and Organization of the Commission

Independent Regulatory Body

Article 181

(1) In the area of capital market a Securities and Exchange Commission of the Republic of Macedonia shall be established as an independent regulatory body with public authorizations determined by this Law.
(2) The Commission shall regulate and supervise the operation of the securities market on the territory of the Republic of Macedonia.
(3) Within its legal powers and authorizations, the Commission provides the legal and efficient functioning of the securities market, as well as for the protection of investors' rights, with the aim of continual building up public trust in the institutions of the securities market in the Republic of Macedonia.
(4) The Commission shall have the status of a legal entity.
(5) The registered office of the Commission shall be in Skopje.

Structure of the Commission
Article 182

(1) The Commission shall consist of five Commissioners, one of whom shall serve as the President.
(2) Each Commissioner (member) shall serve a term of 5 years, with the possibility of being re-elected.
(3) The President and the Commissioners (members) shall be professionally engaged on a full-time basis in the Commission's operation and may not hold any other post, or be employed in any business or receive compensation other than the salary of a Commissioner and compensation for intermittent educational and creative endeavors.

Election and Dismissal of the Commission President and Commissioners
Article 183

(1) The President and the other Commissioners shall be elected by the Parliament of the Republic of Macedonia, upon the suggestion of the Government of the Republic of Macedonia.
(2) Once a Commissioner is designated as President of the Commission, the designation shall not be removed except through his/her resignation or dismissal by the Parliament of the Republic of Macedonia upon proposal of the Government of the Republic of Macedonia as a Commissioner. If the President of the Commission voluntarily resigns from his/her position as President of the Commission, he/she shall remain a Commissioner and the Parliament of the Republic of Macedonia shall designate a new President of the Commission for the rest of the term.
(3) A person fulfilling the following conditions may be elected as a Commissioner:
(a) is a citizen of the Republic of Macedonia;
(b) has a university degree;
(c) has a reputation of a renowned expert in the field of finance and business law;
(d) is not a member of any body of a political party;
(e) is not a member of Management Board, Supervisory Board or Board of Directors of a legal entity regulated by the Commission or supervised by the National Bank of the Republic of Macedonia;
(f) is not a shareholder owning greater than 5% of the outstanding voting Shares of any Reporting Company and is not a shareholder owning greater than 25% of the outstanding voting Shares of any other Company;
(g) is not an official managing a state body;
(h) has not been irrevocably convicted of a felony within five (5) years preceding the election as a Commissioner; and
(i) has not been irrevocably adjudicated by a court to have contributed to or caused the bankruptcy or insolvency of a legal entity.
(4) The President or Commissioner (member) may resign voluntarily through a written statement submitted to the Government do the Republic of Macedonia. The government of the Republic of Macedonia shall immediately submit written statement to the Parliament of the Republic of Macedonia. The Parliament of the Republic of Macedonia on its first incoming session shall acknowledge the termination the term of the President or a Commissioner, which shall be effective on the date the session is held.
(5) The Parliament of the Republic of Macedonia upon proposal of the Government of the Republic of Macedonia dismisses the President or Commissioner (member) if he/she:
(a) three times is subsequent unjustifiably absent from the meetings of the Commission;
(b) is imprisoned for felony for more than six (6) months;
(c) loses his/her ability to perform regular tasks;
(d) performs its functions in violation of the Commission's Rules of Conduct;
(e) discloses a business secret learnt in the course of their work in the Commission;

(f) discloses internal information obtained in the course of their work in the Commission;
(g) becomes a member of any body of political party;
(h) becomes a member of the Management Board, Supervisory Board or Board of Directors of a legal entity regulated by the Commission or supervised by the National Bank of the Republic of Macedonia;
(i) becomes a shareholder owning greater than 5% of the outstanding voting Shares of any Reporting Company or becomes a shareholder owning greater than 25% of the outstanding voting Shares of any other Company;
(j) becomes an official managing a state body or a body of the state administration, and
(k) meets the requirements for retirement.
(6) If a duty of a Commissioner (member) ceases before completion of his/her mandate, upon previous proposal of the Government of the Republic of Macedonia, the Parliament of the Republic of Macedonia shall elect a new Commissioner (member) for the rest of the mandate.

Functions of the Commission

Article 184

The Commission performs the following functions:

(a) undertakes measures to secure the implementation of this Law and other laws within its competence;

(b) passes acts or rules arising from this Law and other laws within its competence;

(c) undertakes measures to ensure the implementation of such acts or rules passed in accordance with this Law and other laws within its competence;

(d) conducts control over the complete documentation of the issuers of Securities, undertakes measures and makes decisions for the protection of interests of persons that are owners of or are investing in Securities and prevents dishonest and illegal activities related to trading and operating in Securities;

(e) issues licensees and approvals arising from this Law and other laws within its competence;

(f) regulates the manner of trading in Securities on a licensed stock exchange;

(g) can temporarily or permanently suspend trading with specific security because of manipulation and will determine the manner and procedure

(h)monitors the operations of licensed market intermediaries.

(i) controls the operations of licensed market intermediaries.

(j) perform inspection over the operations of Licensed Securities Market Participants;

(k) prescribes standards of competition among the licensed market intermediaries in their dealings with Securities, as well as authorized investment management companies (i.e. investment funds, by inspections or in another manner);

(l) gives consent as for appointing directors of the legal entities which are market participants, including the directors of the organizational unit in the bank in charge of performing securities – related services, as well as the directors of investment funds management companies from the Law on Investment Funds, as amended;

(m) approves the Requests for Approval for issuing Securities.

(n) ensures legality, honor and transparency of the securities market;

(o) approves the Rules, and changes to the Rules of a Depository and a licensed stock exchange.

(p) cooperates with other institutions in and outside the Republic of Macedonia;

(q) passes the operating program, financial plan and the final statement of the Commission and adopts the annual report on the operations of the Commission;

(r) selects an authorized audit company and adopts the report on audit of the Commission;

(s) passes acts or rules for the internal organization of the Commission; and

(t) performs other activities related to operations with Securities and in accordance with this Law and other laws within its competence.

Statute of the Commission

Article 185

(1) The Commission shall enact Statute, which must be approved by the Assembly of the Republic of Macedonia.

(2) The Commission's Statute shall regulate the organization, management and operation, procedures for passing acts and changes and additions thereto, as well as other issues within the powers of the Commission.

Organization of the Work of the Commission

Article 186

(1) The Commission shall be managed by the President. In a case of his/her absence the President appoints a Commissioner who shall replace him/her.

(2) The President of the Commission shall:

(a) ensure that meetings of the Commission are called regularly, propose the agenda to be considered at every meeting, submit reports on the activities of the Commission and, in the period between meetings, give instructions to Commissioners and employees and control their implementation;

(b) organize and manage the administration of the Commission, including professional improvement of the staff of the Commission, appoint and dismiss the employees of the Commission administration with the approval of a majority of Commission members.

(c) sign the decisions and the acts of the Commission;
(d) serve as a representative of the Commission with third parties;
(e) control the implementation of the decisions of the Commission.
(3) The Commission brings decisions with majority votes of the total number of Commissioners. The Commission may decide to hold open meetings.
(4) The Commission's meetings shall be closed when the meeting addresses: violations of this Law, or other laws within the Commission's competence, surveillance (investigations) and inspections, Requests for Approval, discussions regarding a Private Offering and decisions regarding confidential treatment of information at the request of a Reporting Company.
(5) The Commission shall publish its executive decisions in the Official Gazette of the Republic of Macedonia. Explanations of Commission decisions shall be posted on the Commission's website after such decisions are final.
(6) The operation of the department of qualified personnel of the Commission shall be managed and coordinated by the Head of Staff. The Head of Staff shall be appointed and dismissed by the Commission upon proposal by the President of the Commission.
(7) A Head of the Staff of the Department of Qualified Personnel may be a person who is a citizen of the Republic of Macedonia, has obtained a university degree in the area of economics and law and has at least three years of prior working experience in the fields of finance and business law.

Avoidance of Conflict of Interest

Article 187

(1) The President or any Commissioner who is interested in any issue that is to be discussed and decided by the Commission shall disclose the nature of such interest at the meeting of the Commission where such decision is being discussed and taken, which disclosure shall be recorded in the minutes of the meeting. The obligation for disclosure the nature of such interest also refers in a case when the Commission discusses and decides in any issues, which is in the interest of a spouse or relative in first line to the President or Commissioner.
(2) The President or the Commissioner under paragraph (1) shall not be present during the deliberation or decision of the Commission with regard to that matter.

(3) The obligation for disclosure of such interest from the paragraph (1) of this Article refers to the employees in the Commission.

Rules of Conduct

Article 188

(1) In order to avoid conflicts of interest, the Commission shall prepare Rules on the Conduct of Commissioners and Employees of the Commission, which shall regulate the activities of the present, and former Commissioners and employees of the Commission.
(2) All present and former Commissioners , present and former employees and present and former consultants employed by the Commission must not use for their own benefit or disclose business secrets or insider information they acquire during the operations in the Commission..
(3) Information acquired during the operations of the Commission, according to regulations, may be disclosed only to:
(a) employees of the Commission and Commissioners for the purpose of carrying out their official duties;
(b) SRO officials in connection with enforcement of this Law;
(c) other organs for supervision of financial institutions within Macedonia provided that a Memorandum of Understanding allows for the disclosure of such information;
(d) Law enforcement bodies;
(e) competent courts, and.
(f) Securities regulatory bodies in foreign countries in accordance with Memoranda of Understanding or international agreements.
(4) A person who, in cases provided by this Law, has the right to receive any confidential information from Commissioners or employees of the Commission shall comply with paragraphs (2) and (3) above.

(5) Commissioners and employees of the Commission shall inform the Commission regarding their portfolio of Securities to avoid any perceived conflict of interest.

Liability of the Commission

Article 189

(1) The Commission shall not be liable for the truthfulness, completeness and accuracy of any data or information contained in Prospectus, announcement concerning a Private Offering, or any other statement distributed to the Commission, shareholders or to the public filed by the issuers.
(2) No Commissioner or employee of the Commission shall incur liability for damages resulting from the performance of their work, provided that the person acted honestly and conscientiously.
(3) The damage caused to any person through the illegal action of an employee of the Commission or Commissioner shall be compensated from the Commission's resources, according to the general provisions for damage compensation.
(4) In the event that an employee of the Commission or Commissioner is named in a lawsuit in connection with the execution of their official duties, legal representation shall be provided by the Commission and the costs of defending the lawsuit shall be paid from Commission's resources.
(5) In the event that an employee of the Commission or Commissioner is found by court decision to have engaged in intentional or reckless misconduct in connection with their official duties, the provision from paragraph (3) shall not apply, i.e. the Commissioner or the employee are responsible for damage compensation and shall reimburse to the Commission the costs from paragraph (4) from this Article

2: Rulemaking

Adoption, Amendment and Rescission of Commission Regulations

Article 190

(1) The Commission may adopt permanent regulations after providing public notice of its draft regulation and providing all interested persons an opportunity within thirty (30) calendar days to submit written comments. Regarding the adopted regulation, the Commission shall publish a summary of the comments received on its web-site.
(2) The procedure for amending regulations shall be the same as that set forth in paragraph (1) of this Article.
(3) The Commission may rescind a regulation without providing a comment period.
(4) The Commission may adopt temporary regulations without public comment if, in the Commission's sole discretion, the circumstances giving rise to the need for the regulation are urgent in nature especially to:
(a) protect the interests of investors, market participants and/or the integrity of the securities market system;
(b) maintain or restore a fair, orderly and transparent public securities market; or
(c) ensure prompt, accurate and safe clearance and settlement of Trade Transactions.
(5) A temporary regulation shall be in effect for no more than ninety (90) calendar days.

Adoption, Amendment or Rescission of Rules of Licensed Stock Exchanges or Securities Depositories

Article 191

The Commission may take action to adopt, amend and rescind any rule of a stock exchange or securities depository, if the Commission determines it is necessary in furtherance of this Law in order to:
(a) protect the interests of investors, market participants and/or the integrity of the securities market system
(b) maintain or restore a fair, orderly and transparent public securities market; or
(c) ensure prompt, accurate and safe Clearance and Settlement of Trade Transactions.

3. Inspection

General Provisions

Inspection of Licensed Securities Market Participants

Article 192

(1) The Commission shall perform inspection of the operation of the Licensed Securities Market Participants with respect to enforcement of this Law, regulations deriving from this Law and the rules of self-regulatory organizations.

(2) In cooperation with the National Bank of the Republic of Macedonia the Commission may perform inspection of the operation of the banks providing services related to operation with securities pursuant to this Law.

(3) Pursuant to this Law self-regulatory organizations shall immediately inform the other licensed securities market participants if such violations are identified during the inspection process.

Manner of Performing Inspection

Article 193

(1) The Commission may perform regular and extraordinary inspection.

(2) Inspection may be on-site and off-site. Off-site inspection shall be performed by obtaining data from licensed securities market participants, and on-site inspection shall be performed by direct inspection of the operational data, at the premises of the securities market participant being supervised.

(3) Persons authorized by the Commission for inspection have official identification

(4) The Commission shall prescribe the manner and the procedure for inspection referred to in paragraph (1) of this article, as well as form, content, method of issuance and withdrawal of official ID.

Measures

Article194

(1) After direct or indirect inspection of the operation of the licensed securities market participants the Commission shall make: a decision on elimination of the identified irregularities or a decision on temporary prohibition of operation, or decision on revocation of the license, consent or approval that the Commission issues pursuant to this Law.

(2) After termination of inspection of the operation of licensed securities market participants, the Commission shall make a decision on revocation of the approval for appointment of the responsible person (director) of the licensed securities market participant and shall pronounce other measures pursuant to this Law.

(3) The Commission shall make a decision on temporary prohibition of the operation or decision on revocation of the license, consent or approval that the Commission has issued, pursuant to this Law, to the licensed participant and the responsible person (director) in case the licensed securities market participants perform prohibited activities related to operation with securities, pursuant to this Law or other law in competence of the Commission and the rules of self-regulatory organizations.

(4) An appeal might be placed against the decisions of the Commission according to Article 231 paragraph (1) of this Law.

(5) The appeal pursuant paragraph (4) of this Article shall not postpone the execution of the decisions.

Inspection Authority for performing on-site Inspection

Article 195

(1) The Commission may carry out on-site inspections of the activities of any Licensed Securities Market Participant to determine whether their operations are in legal conformance. Inspections may be conducted with or without prior notice, upon the Commission's discretion, as part of the Commission's routine program for market oversight.

(2) In carrying out an inspection, an authorized employee of the Commission shall present the inspection order on the premises of a legal entity which is a Licensed Securities Market Participant.

(3) The authorized employee from paragraph (2) of this Article is authorized to:

(a) review all books and written records relating to the business of the Licensed Securities Market Participants;

(b) make copies of all documents relevant to the inspection;

(c) obtain copies of all documents regarding the financial operation;
(d) require officials and other employees of such Licensed Securities Market Participant to provide information regarding its operations; and
(e) obtain oral and written explanations on questions arising in respect to such information.

(4) Refusal of a Licensed Securities Market Participant to comply with paragraphs (1) (2) and (3) from this Article, or obstruction of an inspection, shall be grounds for temporary or permanent revocation of its license for operation by the Commission.

Off- site Inspection
Article 196

(1) The Commission shall perform off-site inspection of the operation of Licensed Securities Market Participants by the following activities: inspection and analysis of financial statements, reports and other documents that the licensed securities market participants and other entities are obligated to submit, pursuant to this Law or at request of the Commission; inspection of books, documents and the complete business documentation maintained pursuant to this Law or other law, and pursuant to sub laws deriving from these laws.
(2) Off-site inspection shall include continuous monitoring and inspection of data in reports, notifications, files and other documentation that the Licensed Securities Market Participants are obligated to submit to the Commission pursuant to the existing regulations as well as documents, notifications and announcements from other entities, related to the licensed securities market participants.
(3) A subject of an indirect inspection shall be other type of documentation related to the operation with securities that the licensed securities market participants are obliged to submit at request of the Commission.

Results of Inspection
Article 197

(1) If, during the inspection, the Commission finds that a Licensed Securities Market Participant has violated, or is violating, any provisions of this Law, the regulations issued pursuant hereto or the Rules of a Licensed Securities Market Participant, it may: (a) publicly disclose information about such irregularities in its operations;
(b) issue a decision requiring the Licensed Securities Market Participant to eliminate such illegalities and irregularities within a certain deadline and, in furtherance thereof, and to be informed of the manner in which the violation has been eliminated.;
(c) impose a temporary prohibition not to exceed thirty (30) working days on all or some of the services related to Securities for which the Licensed Securities Market Participant has been granted a license;
(d) issue an order to any bank or financial institution to temporarily freeze the account(s) of the Licensed Securities Market Participant for a period not to exceed fifteen (15) working days;
(e) conduct surveillance under the Commission's established Rules;
(f) issue a decision on revocation of consent to the director of the licensed market participant;
(g) issue a decision on imposition of public reprimand;
(h) issue a decision on permanent prohibition on performing a part or all services related to securities for which the licensed market participant has received a license;
(i) impose a fine to the licensed market participant;
(j) require the Licensed Securities Market Participant to make amendments to its rules or Statute; and/or
(k) Require other measures to improve the financial discipline of the Licensed Securities Market Participant's operations.

(2) If the Commission finds, that a director, employee, member of the Management Board and member of the Supervisory Board or member of the Board of Directors of a Licensed Securities Market Participant or the holder of an individual license for operating with securities to engage in

securities market activities: (a) has violated any provisions of this Law or the pertinent secondary legislation, or any other Laws within its competence, and (b) has caused their Licensed Securities Market Participant to violate its Rules, this Law, or the regulations issued pursuant hereto, the Commission may:
- impose a fine on that director, employee, and member of the Management Board and member of the Supervisory Board or member of the Board of Directors or the holder of the individual license for operating with securities ;
- temporarily or permanently suspend or revoke the license for operating with securities of that person or consent to that person issued in accordance to this law.

Inspection Costs

Article 198

(1) After inspection is performed pursuant to this Law at a licensed securities market participant and irregularities and illegalities are identified the inspection costs shall be charged up to the account of the licensed participant - subject to inspection.
(2) The Commission shall make a decision to obligate the licensed securities market participant to pay the costs.
(3) The inspection costs shall be determined based on the Commission tariff.

4: Surveillance

Surveillance Authority

Article 199

(1) The Commission is authorized to conduct surveillance determining whether an authorized participant on the securities market, funds operator or other natural person or legal entity has violated this law, regulations adopted on the basis of this law, other laws in its jurisdiction and rules of the authorized market participants..
(2) The surveillance is performed by the authorized persons employed in the Commission.

Call in persons

Article 200

(1)During supervision, the Commission may call in persons requiring submission of oral testimony, either in the form of a statement or in response to questioning.
(2) The obligation from the paragraph (1) of this Article refers to the following persons:

(a) the directors, employees, members of the Management Board and members of the Supervisory Board or members of the Board of Directors of a Licensed Securities Market Participant; or
(b) the directors, employees, members of the Management Board and members of the Supervisory Board or members of the Board of Directors of a Joint Stock Company with Reporting Requirements or other issuer whose securities are admitted for trading on the securities exchange;
(c) shareholders in Joint Stock Companies with Reporting Requirements or other issuer whose securities are admitted for trading on the securities exchange;
(d) other persons at request of the Commission.

(3) Information obtained under this Article by the Commission shall be kept confidential until their use in a proceeding conducted by the Commission or in a court proceeding.

Orders Requiring Submission of Documents

Article 201

(1) During the supervision, the Commission may issue orders to persons from whom it requires the submission copies of the specified documents to the Commission and to provide an opportunity to control of the original documents.
(2) The obligation from paragraph (1) of this Article refers to:

(a) the directors, employees, members of the Management Board and members of the Supervisory Board or members of the Board of Directors of the Licensed Securities Market Participant;
(b) the directors, employees, members of the Management Board and members of the Supervisory Board or members of the Board of Directors of the Reporting Company or other issuer whose securities are admitted for trading on the securities exchange;
(c) shareholders in Reporting companies or other issuer whose securities are admitted for trading on the securities exchange;
(d) other persons at request of the Commission.

(3) Information obtained by the Commission under this Article shall be kept confidential until their use in a proceeding conducted by the Commission or in a court proceeding.

Compliance with Commission Orders

Article 202

(1) The compliance with Commission orders to provide testimony and/or documents shall constitute an obligation of the recipients of the order.
(2) The failure to comply with the Commission orders referred to in paragraph (1) of this Article shall be a legal basis for pronouncing measures/sanctions in accordance with this Law.

Conducting of Supervision

Article 203

The Commission shall issue regulations further specifying the procedures for conducting its supervision.

5. Taking Measures

5.1 Authorization for Taking Measures during Procedure of Issuance, Offer and Sale of Securities

Measures of Inspection

Article 204

(1) If the Commission finds that an issuer has violated, or is violating, any provisions of this Law, or the regulations issued pursuant hereto, in connection with the issuance, offer and sale of Securities, the Commission may:
(a) publicly disclose information about such irregularities or violations;
(b) issue a decision obligating the issuer to cure such irregularities within a determined deadline; and/or
(c) temporarily interrupt or permanently terminate the issuance or offering.

(2) An issuer shall remove any such irregularities within the set deadline and shall submit a report to the Commission, describing the measures undertaken.
(3) Should the issuer fail to cure the irregularities, the Commission may issue a decision temporarily interrupt or permanently terminate the offering and requiring the issuer to refund monies to purchasers with deposit interest. The Commission shall publish the decision in at least one daily newspaper in Macedonia.
(4) The Commission shall not be required to hold a hearing prior to issuing a decision under paragraphs (1) or (3) of this Article.
(5) An appeal against the Commission's decisions referred to in this Article shall not postpone their execution.

5.2 Authorization for Taking Measures against Brokerage Houses

Decision on Elimination of Identified Irregularities

Article 205

(1) The Commission shall make a decision on elimination of irregularities if in the course of the inspection process identified irregularities in operation with securities by the brokerage house.
(2) The Commission shall also issue the decision from paragraph 1 of this Article if:

(a) the brokerage house does not satisfy the conditions for performing services related to securities pursuant to this Law;
(b) the brokerage house performs services related to operation of securities for which no license has been issued by the Commission, i.e. the brokerage firm performs services and activities that pursuant to this Law it must not perform;
(c) the brokerage house proceeds contrary to the risk management rules pursuant to this Law;
(d) the brokerage house proceeds contrary to the rules for keeping business books and records and revision of annual reports;
(e) the brokerage house fails to fulfill the obligations for submission of reports and notifications pursuant to this Law;
(f) other cases when the brokerage firm fails to proceed pursuant to this Law and the rules of self-regulatory organizations or other rules of the securities market, at operation with securities.
(3) By the decision referred to in paragraphs (1) and (2) of this Article the Commission shall determine the deadline for elimination of the identified irregularities.
(4) The brokerage house shall eliminate the identified irregularities and illegalities shall submit a report to the Commission with description of the elimination measures taken. Other documents and evidence shall be enclosed to the Report to confirm that the irregularities have been eliminated.

Temporary Prohibition for Performing Services

Article 206

(1) The Commission shall make a decision on temporary prohibition for performing all or some of the services related to operation with securities of the brokerage house in the following cases:
(a) the brokerage house has inadequately organized its operation, i.e. does not keep the books and records, and other administrative and business files in an appropriate manner, and may not be made available for inspection of the manner, in which the provisions of this Law are enforced, especially those related to risk management;
(b) the brokerage house fails to proceed pursuant to the decision of the Commission for elimination of identified irregularities and illegalities or the same may not be able to eliminate, i.e. it is not possible to determine that the determined irregularities or illegalities have been removed from the submitted report where the taken measures are described for removing the irregularities and illegalities or from the submitted documents and other evidence;
(c) the brokerage house fails to submit reports and notifications to the Commission timely and appropriately or obstructs the inspection in any other way.
(d) the brokerage house has performed prohibited activities related to operation with securities pursuant to this Law or other laws, or the rules of self-regulatory organizations;
(e) the brokerage firm fails to refuse a request related to operation with securities if it was, or should have been aware that the request is in conflict with this Law, other laws within the competence of the Commission and the rules of self-regulatory organizations;
(f) the brokerage house has violated the responsibility for keeping confidential data, prohibition for manipulation or prohibition for use of price sensitive information pursuant to this Law;
(g) the brokerage house acts contrary to the responsibilities and the deadlines determined by a decision of the Commission;
(h) the brokerage house acts contrary to the provisions of this Law and the regulations deriving from this Law in a way that obstructs or disables the operation of the self-regulatory organizations.

(2) The prohibition referred to in paragraph (1) of this Article shall be in force no longer than thirty (30) working days.
(3) Within a period of three (3) working days from the day of issuing decision, the Commission shall submit the decision referred to in paragraph (1) of this Article to the stock exchange and the depositary which are to exclude the pertinent brokerage house from the membership for the duration of the prohibition.

Revocation of a License

Article 207

(1) The Commission shall revoke the license for performing services related to operation with securities, of a brokerage house, in the following cases:
(a) the brokerage house can not proceed according to the decision of the Commission for elimination of the irregularities, i.e. the submitted report explaining the measures taken for elimination of the irregularities does not provide proof that elimination has been performed, in severe cases of violation of this Law or other law within the competence of the Commission, and the rules of self-regulatory organizations;
(b) the brokerage house has performed serious violations of the securities operation rules pursuant to this Law or other laws within the competence of the Commission, or the rules of self-regulatory organizations;
(c) the brokerage house fails to initiate operation 6 months after the license has been issued or terminates its operation for a period exceeding 6 months;
(d) the brokerage house has acquired the license based on untrue information;
(e) the brokerage house performs other activities which are not related to securities pursuant to this Law or other laws;
(f) responsible body of the brokerage house has made a decision on changes in the business activities according to which the brokerage house may no longer performs services related to operation with securities;
(g) the brokerage house no longer satisfies the personnel, technical and organizational conditions regulated by this Law or sub-laws and the rules of the self-regulatory organizations;
(h) the brokerage house does not satisfy the conditions with respect to capital appropriateness and other conditions pursuant to the risk management rules and other conditions and responsibilities pursuant to the laws within the competence of the Commission;
(i) the brokerage house fails to proceed pursuant to the decision for temporary prohibition for performing services; and
(j) the Commission, after the license has been issued, obtains information which, if obtained timely, would have been a reason for non-issuance, or if the circumstances have changed to the extent that the Commission would not issue the license, or if both situations occur.
(2) The Commission, except in cases referred to in paragraph (1) of this Article, shall make a decision on revocation of a license of a foreign brokerage house subsidiary in case its license has been revoked in the home country, or for the same period for which the foreign brokerage house has received in its home country a penalty of temporary prohibition for performing services related to the operation with securities.
(3) By the decision referred to in paragraph (1) of this Article the Commission shall determine the period when the brokerage house may not request renewal of a license previously revoked, which cannot be shorter than six (6) months from the day of revocation of the license.
(4) The Commission shall submit the Decision referred to in paragraph (1) of this Article to the stock exchange and the depositary that are to exclude the brokerage house from their membership.
(5) Before making the Decision referred to in paragraph (1) of this Article the Commission shall allow the brokerage firm to explain the reasons which may provoke revocation of the license.

Public Reprimand

Article 208

(1) The Commission may issue a decision on pronouncing a public reprimand to a brokerage house and its director.
(2) When deciding on the public reprimand the Commission shall take into consideration the severity of the violation and the fact that the brokerage house and its director have/ have not received such penalty before.
(3) The Commission shall publicly announce the ruling of the decision after it goes into effect in at least one daily newspaper published on the territory of the Republic of Macedonia.

Taking Over the Function of Performing Services from another Brokerage House

Article 209

(1) In case of a decision on revocation of a license of a brokerage house the Commission may appoint another brokerage house or a bank to take over the function of performing services related to the operation with securities.
(2) At the same time the brokerage house appointed by the Commission to take over the function of performing services related to the operation with securities shall take over the financial assets paid by the client that are kept on a separate account at an authorized institution.
(3) The Commission shall further prescribe the procedure of taking over the function of performing services referred to in paragraph (1) of this Article.

5.3 Authorization for Taking Measures against Brokers

Measures of Inspection

Article 210

If during the inspection the Commission identifies irregularities in brokers operations and non-compliance with the responsibilities regulated by this Law, by-laws deriving from this Law and the rules of self-regulatory organizations, it may decide to take the following measures:
(a) temporary prohibition of performing activities for which the broker has received the license;
(b) disclosure of the fact that the broker has violated the rules for operation with securities;
(c) public reprimand; and
(d) revocation of the license.

Revocation of License

Article 211

The Commission shall make a decision on revocation of a broker's license in the following cases:
(a) the information referred to in Article 112 of this Law is untrue;
(b) the broker performs prohibited activities related to the operation with securities;
(c) the broker pursues other matters which are not related to the operation with securities pursuant to this Law;
(d) the broker fails to refuse a request related to the operation with securities if it was, or should have been aware that the request is in conflict with this Law, other laws within the competence of the Commission and the rules of self-regulatory organizations;
(e) the broker no longer satisfies the conditions for receiving a broker's license;
(f) irrespective of a warning from the Commission a broker proceeds contrary to the rules and responsibilities pursuant to this Law, regulations deriving from this Law and the rules of self-regulatory organizations;
(g) the Commission, after the license has been issued, obtains information which, if obtained timely, would have been a reason for non-issuance, or if the circumstances have changed to the extent that the Commission would not issue the license, or if both situations occur.

5.4 Authorization for Taking Measures against Investment Advising Companies and Investment Advisors

Measures of Inspection over Investment Advising Companies and Investment Advisors

Article 212

If during the inspection the Commission identifies irregularities in the operation of the investment advising company and investment advisors and non-compliance with the responsibilities regulated by this Law, regulations deriving from this Law and the rules of self-regulatory organizations, it may decide to take the following measures:
- temporary prohibition of performing activities for which the investment advising company and investment advisors have received the license;
- disclosure of the fact that the investment advising company and investment advisors have violated the rules for operation with securities;
- public reprimand and
- revocation of the license.

Revocation of License of Investment Advising Companies and Investment Advisors

Article 213

The Commission shall make a decision on revocation of license of an investment advising companies and investment advisors in the following cases:
(a) the information referred to in Article 148 and 150 of this Law is untrue;
(b) perform prohibited activities related to the operation with securities;
(c) pursue other matters which are not related to the operation with securities pursuant to this Law;
(d) fail to refuse a request related to the operation with securities if it was, or should have been aware that the request is in conflict with this Law, other laws within the competence of the Commission and the rules of self-regulatory organizations;
(e) no longer satisfies the conditions for receiving a license for investment advising company or investment advisor;
(f) irrespective of a warning from the Commission an investment advising company or investment advisor proceeds contrary to the rules and responsibilities pursuant to this Law, regulations deriving from this Law and the rules of self-regulatory organizations;
(g) the Commission, after the license has been issued, obtains information which, if obtained timely, would have been a reason for non-issuance, or if the circumstances have changed to the extent that the Commission would not issue the license, or if both situations occur.

5.5 Authorization for Taking Measures against a Stock Exchange

Subject of Inspection at the Stock Exchange

Article 214

At inspection of the stock exchange pursuant to this Law the Commission shall inspect the following:
(a) legality of operation of the Stock Exchange pursuant to this Law;
(b) legality of trade with securities;
(c) application of laws and other regulations pertaining to the operation with securities as well as its own rules, the Statute and other regulations pursuant to which the license for stock exchange operation has been issued;
(d) whether or not securities transactions at the stock exchange satisfy the prescribed trading conditions, i.e. whether or not those activities are performed by licensed brokers;
(e) inspection of the financial status of the stock exchange and its members.

Measures of Inspection of a Stock Exchange

Article 215

If during the inspection of the stock exchange operation the Commission identifies irregularities the Commission may take the following measures:

(a) issue a decision on elimination of the identified irregularities and illegalities at operation with securities;

(b) issue a decision on temporary interruption of the operation of the Stock Exchange;

(c) disclose information on the irregularities at operation of the brokerage houses –stock exchange members and the stock exchange itself;

(d) revoke the stock exchange license, temporarily or permanently;

(e) take other measures to improve the stock exchange operation;

(f) make a decision on revocation of the consent for appointment of a director of the stock exchange.

(2) In case irregularities and illegalities are identified the inspection costs shall be charged up to the account of the stock exchange.

Public Reprimand

Article 216

(1) The Commission may issue a decision on pronouncing a public reprimand to the stock exchange and its director.

(2) When deciding on the public reprimand the Commission shall take into consideration the severity of the violation and the fact that the brokerage house and its director have/ have not received such penalty before.

(3) The Commission shall publicly announce the ruling of the decision after it goes into effect in at least one daily newspaper published on the territory of the Republic of Macedonia.

5.6. Authorization for Taking Measures against a Depositary

Subject of Inspection at a Depositary

Article 217

At inspection of the depositary pursuant to this Law the Commission shall inspect the following:

(a) legality of operation of the depositary pursuant to this Law;

(b) legality in performing activities with securities;

(c) application of laws and other regulations pertaining to the operation with securities as well as its own rules, the Statute and other regulations pursuant to which the license for depositary operation has been issued;

(d) whether or not securities transactions at the depositary satisfy the conditions pursuant to this Law and the regulations deriving from this Law;

(e) inspection of the financial status of the depository and its members.

Measures of Inspection of a Depository

Article 218

(1) If during the inspection of the depositary operation the Commission identifies irregularities the Commission may take the following measures:

(a) issue a decision on elimination of the identified irregularities at operation with securities;

(b) issue a decision on temporary interruption of the operation of the depositary;

(c) disclose information on the irregularities at operation of the depositary;

(d) revoke the depositary license;

(e) take other measures to improve the depositary operation;

(f) make a decision on revocation of the consent for appointment of a director of the depositary.

(2) In case irregularities are identified the inspection costs shall be charged up to the account of the depositary.

Public Reprimand

Article 219

(1) The Commission may issue a decision on pronouncing a public reprimand to the depositary and its director.

(2) When deciding on the public reprimand the Commission shall take into consideration the severity of the violation and the fact that the depositary and its director have/have not received such penalty before.
(3) The Commission shall publicly announce the ruling of the decision after it goes into effect in at least one daily newspaper published in the territory of the Republic of Macedonia.

5.7 Authority on Taking Measures against Joint Stock Companies with Reporting Requirements

Inspection Measures

Article 220

(1) In case the Commission finds out that the Joint Stock Company with Reporting Requirements has violated the provisions of this Law and the regulations deriving from this Law the Commission may perform the following:
(a) publicly disclose information about such irregularities or violations;
(b) issue a decision requiring the Joint Stock Company with Reporting Requirements and/or any of its directors, employees to eliminate such irregularities and to inform the Commission as to such elimination;
(c) impose a temporary suspension not to exceed 30 working days in the trading in the Joint Stock Company with Reporting Requirements' Securities;
(d) impose a temporary ban not to exceed 30 working days on Non-Trade Transfers of the Reporting Company's Securities and
(e) impose a fine on the Joint Stock Company with Reporting Requirements.
(2) If, the Commission finds, that the Director, any employee, member of the Management Board, member of the Supervisory Board and/or member of the Board of Directors of a Joint Stock Company with Reporting Requirements has violated, or is violating, any provisions of this Law, any other law within its competence or the regulations issued pursuant hereto; and/or has caused their Joint Stock Company with Reporting Requirements to violate this Law, or the regulations issued pursuant hereto, the Commission may:
(a) impose a fine on the Director, employee, member of the Management Board, member of the Supervisory Board and/or member of the Board of Directors of the Joint Stock Company with Reporting Requirements; and/or
(b) issue a decision permanently or temporarily barring the individual from purchasing, selling or engaging in Non-Trade Transfers of Securities that are issued by the Joint Stock Company with Reporting Requirements.

5.8 Authority on Taking Measures against Shareholders Possessing more than 5% of the Securities of a Joint Stock Company with Reporting Requirements

Measures of Supervision of Shareholders who Possess more than 5% of the Securities of a Joint Stock Company with Reporting Requirements

Article 221

(1) If the Commission finds that a legal or physical person has violated, or is violating the provisions from Article 166 Article 167 of this Law, the Commission may:
(a) publicly disclose information about such irregularities or violations;
(b) issue a decision requiring the person or legal entity to eliminate such violation and to inform the Commission as to such eliminations within set period of time;
(c) issue a decision suspending the person's or entity's voting rights with respect to the applicable Securities until the violation has been cured; and/or
(d) impose a fine on the person or legal entity.

6: Additional Authorities

Initiation of Procedure before a Competent Court

Article 222

In case the Commission decides that there is a grounded suspicion that a natural person has broken the provisions of this Law or the regulations deriving from it the Commission may initiate a court procedure before a competent organ in the Republic of Macedonia

Authority to Exchange Information with Other Authorized Organs

Article 223

The Commission may exchange information with other authorized law enforcement organs.

Authorization for collection and processing of personal data

Article 223-a

(1) The Commission collects, processes, analysis, uses, assess, transfers, keeps and deletes the data for legal entities and personal data for natural persons from its own evidence in accordance with the law.

(2) Personal data may be used only for the purposes of the Commission according to the regulations for protection of personal data.

(3) The Commission collects personal and other required data directly from person to whom they relate, from other persons or from existing collected data which, according to the law, are disposed and manage by competent state authorities, public institutions and other legal entities.

Authority to Join in Lawsuits

Article 224

The Commission shall have the authority to join in lawsuits involving alleged violations of this Law or the regulations issued pursuant hereto and other laws within its competence. The Commission may join in such lawsuits only as a third party and in order to advise the court of its positions, opinions and interpretations.

Authority for International Cooperation

Article 225

(1) The Commission shall have the authority to enter into Memoranda of Understanding or other types of acts with regulators of securities markets from other countries and other financial regulators for the purposes of coordinating and cooperating with regard to enforcement of this Law, other laws and regulations deriving from them.

(2) The Commission may share information under the agreements entered into under paragraph (1) of this Article. The exchange of confidential information shall be performed on the principle of reciprocity with the countries with which such memoranda have been concluded.

Authorized access to bank accounts

Article 225-a

(1)In the procedure of inspection and supervision the Commission can obtain documents, data and information for the current situation of the bank accounts of natural persons or legal entities connected with the trading with securities, according to the law.

Agreements with other Macedonian Financial Regulators and Supervisory Bodies

Article 226

(1) The Commission shall have the authority to enter into Memoranda of Understanding and other acts with other domestic financial regulatory and supervisory bodies or other state institutions for the purpose of effective enforcement of this Law and the other laws within its competence.

(2) The Commission may share information under the memoranda and other acts entered into under paragraph (1) of this Article.

7. Finances, Record-keeping and reporting

Operational Funds

Article 227

(1) Funds necessary for the work of the Commission shall be provided from fees collected by the Commission for covering the costs for the provided services.

(2) Fees charged by the Commission shall be the following:

(a) Fees for approvals for issuing securities;

(b) fees for approvals of operating licenses for all Licensed Securities Market Participants i.e brokerage houses, stock exchanges, banks, brokers, depositories and investment advisors),
(c) fees determined by the Law on Investment Funds;
(d) fees determined by the Company Takeover Law;
(e) fees paid by associations of Licensed Securities Market Participants when seeking approval of their acts;
(f) fees paid for giving consents to the appointment of directors of Licensed Securities Market Participants;
(g) fees for surveillance of stock exchanges;
(h) fees for surveillance of brokerage houses;
(i) fees for surveilance of depositaries;
(j) fees for performing on-site control over licensed securities market participants; and
(k) fees for reviewing reports submitted to the Commission by Joint Stock Companies with Reporting Requirements and
(l) other revenue that the Commission generates during its operations.
(3) The amount of the fees referred to in paragraph (2) of this Article shall be proportionate to the costs of the Commission as defined by the annual financial plan, operating program, as well as the development need of the Securities and Exchange Commission.
(4) The Commission shall define the amount of fees referred to in paragraph (2) of this Article with a separate Tariff Book.
(5) The Tariff Book of paragraph (4) of this Article shall be approved by the Government of the Republic of Macedonia.

Reserve Fund of the Commission

Article 228

(1) The net income surplus of the operation of the Commission shall be allocated to the reserve fund.
(2) The reserve fund is used for compensating the deficits of the Commission, overcoming of the temporary discrepancy of the Commission's revenues over the expenditures and for development and improvement of the Commission's operations.

Maintenance of Records

Article 229

(1) The Commission shall maintain the following records for a period of three (3) years from receipt:
(a) documents and data filed by an issuer in connection with a Request for Approval, for issuing Securities;
(b) documents and data filed by Joint Stock Companies with Reporting Requirements with respect to disclosure obligations, according to the provisions of this Law.
(c) documents and data filed by Licensed Securities Market Participants according to the provisions of this Law.
(2) The records and data referred to in items (a) and (b) of paragraph (1) of this Article shall be made available to the public in a manner and according to procedures prescribed by the Commission.
(3) The Commission shall publish a list of all final sanctions issued under this Law pursuant to procedures set forth in Commission regulations on a quarterly basis.

Annual Report

Article 230

(1) The Commission shall submit to the Government of the Republic of Macedonia and to the Parliament of the Republic of Macedonia each year, no later than May 31st an annual report on its work with its Financial Statements prepared in accordance with International Financial Reporting Standards audited by an independent certified auditor in accordance with International Standards of Auditing and a financial plan for the upcoming year. The Commission shall submit the annual report to the Assembly of the Republic of Macedonia for adoption.
(2) The Commission shall publish a summary of the annual report with an opinion by the certified auditor in at least one daily newspaper in the Republic of Macedonia, and shall publish the entire

annual report on the website of the Commission within fifteen (15) calendar days from the day it was adopted by the Commission.

Right to Appeal

Article 231

(1) Against the decisions adopted by the Commission, the interested parties may claim an appeal to the Commission for Dealing with Appeals in the Area of Securities market (hereinafter: the Appeal Commission), within 15 working days from the day of reception.
(2) Against the final decisions of the Commission for appeals, the appeal for an administrative dispute in front of competent court can be submit.

'Members of the Appeals Commission

Article 231-a

(1) Appeals Commission is composed of a president and four members.
(2) The President and members of the Appeals Commission are appointed and dismissed by the Parliament of the Republic of Macedonia, upon the proposal of the Commission on election and appointment issues of the Parliament of the Republic of Macedonia.
(3) The mandate of the president and members of Appeals Commission is five years with the right of re-election.
(4) On its first constitutive session, the Appeals Commission, elects deputy president.
(5) The Appeals Commission is financed from the budget of the Parliament of the Republic of Macedonia.

Selection and dismissal of members of the Appeals Commission

Article 231-b

(1) For a member of the Appeals Commission, can be appointed person, who beside the conditions of Article 183 paragraph (3) of this law, meets the following conditions:
a) has an experience in the area of finance and business law more than five years and
b) he is not employed or didn't have other contractual relationship with entity over which the Commission performs inspections or supervision exercise the National Bank of the Republic of Macedonia.
(2) The function of the President of the Appeals Commission ends with the resignation of the president or its dismissal by the Parliament of Republic of Macedonia. In a case of resignation by the President, his function as a member of the Appeals Commission continues and the Parliament upon the proposal of the Commission on election and appointment issues, for the rest of the mandate, elects new president from the existing members.
(3) The members of the Appeals Commission may resign by submitting a written statement to the Parliament. Parliament of the Republic of Macedonia at the first next session without hearing, note that the mandate of the President or a member of the Commission, ends from the day of the session.
(4) The Parliament upon the proposal of the Commission on election and appointment issues dismissed the President or a member of the Appeals Commission if:
a) three consecutive times unjustified absent from the sessions of the Appeals Commission;
b) Serve a prison sentence for criminal act,longer than six months;
c) lose the ability for work for regular tasks;
d) during the execution of his work, violates the provisions of the Rules and procedures of the Appeals Commission;
e) disclose business secret acquired during his work in the Appeals Commission;
f) disclose insider information acquired during his work in the Appeals Commission;
g) becomes a member of a body of a political party;
h) becomes a member of the Management Board, Supervisory Board or board of directors of the entity over which the Commission performs inspectionl or National Bank of the Republic of Macedonia execute supervision;
i) becomes a shareholder with more than 5% of shares with voting rights in a Joint Stock Company with special reporting obligations and 25% of the shares with voting rights in any joint stock company;

j) becomes an official governing state authority or authority of state administration and
s) works or has other relationships with legal entity over which the Commission performs inspection or National Bank of the Republic of Macedonia execute supervision.
(5) If the membership in the Appeals Commission of a member, expiry before ending of his mandate, upon the proposal of the Commission on election and appointment issues, the Parliament of the Republic of Macedonia elects new member for the rest of the mandate

Method of working and decision making of the Appeals Commission

Article 231-c

(1) The Appeals Commission adopts its decisions by majority votes of all members.
(2) The method of working and decision making of the Appeals Commission is closely regulated by Rules and procedure.
(3) The President and members cannot decide for authorized securities market participants market and other legal entities over which Commission performs inspection, in which their spouses, other members of their families in the first degree relationship are employed or have other contractual relationship, or they are shareholders or members of the Management Board or supervisory Board or Board of Directors in authorized securities market participants and other legal entities over which the Commission performs inspection.

Implementation of the Law on Administrative Procedure

Article 232

Unless otherwise prescribed by this Law, in a procedure of decision making by the Commission and the Appeals Commission the Law on General Administrative Procedure shall applied.

Misdemeanor Organ

Article 232-a

(1) The Securities and Exchange Commission (hereinafter: Misdemeanor Organ) shall administer misdemeanor procedures and shall pronounce a misdemeanor sanctions for the misdemeanors as defined in Article 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244 and 245 of this Law,
(2) The misdemeanor procedure under paragraph (1) of this Article shall be administered by the Commission Deciding Upon a Misdemeanor (hereinafter: Misdemeanor Commission) before the Misdemeanor Organ, consisting of employees in the Securities and Exchange Commission, who are appointed by the president of the Securities and Exchange Commission.
(3) The Misdemeanor Commission shall consist of three persons who are employed in the Securities and Exchange Commission, of whom one person performs the function of a President of the Misdemeanor Commission.
(4) Members of the Misdemeanor Commission shall be elected to a term of office of five (5) years, with the right to re-election
(5) Members of the Misdemeanor Commission shall have a university education, while the President of the Commission may be only a person possessing a university degree in Law and having passed the bar examination.
(6) The Misdemeanor Commission shall make decisions concerning the misdemeanors covered by this Law and for pronouncing misdemeanor sanctions.
(7) The Misdemeanor Commission shall adopt its Rules of Procedures which has to be previously approved by the Securities and Exchange Commission.
(8) An appeal may be filed for initiation of an administrative dispute before the competent court against the decisions of the Misdemeanor Organ by which misdemeanor sanctions are pronounced.

Operation of the Misdemeanor Commission

Article 232-b

(1) A member of the Misdemeanor Commission may be resolved:

1) upon expiration of the period of his/her term of office;
2) upon his/her request;
3) upon fulfilling the requirements for retirement in accordance with a law;
4) if convicted by a final court verdict for a criminal act;

5) in case of determination of permanent working inability;
6) in case of violation of regulations for administering a misdemeanor procedure by a final verdict;
7) in case of not fulfilling his/her obligations arising from the operation of the Misdemeanor Commission; and
8) in case of failing to report the existence of conflict of interests concerning a case for which the Misdemeanor Commission decides upon.

(2) The proposal for resolving a member of the Misdemeanor Commission for the cases under paragraph (1) items 3) through 8) of this Article shall be filed by the President of the misdemeanor Commission to the President of the Securities and Exchange Commission.

(3) The Misdemeanor Commission shall have the right to present evidence and collect data that are necessary for determine the misdemeanor, as well as to perform other activities and undertake actions as defined by this Law, the Law on Misdemeanors and/or other law.

(6) Members of the Misdemeanor Commission shall be independent and autonomous in their work in the Misdemeanor Commission and shall decide on the basis of their professional knowledge and their own will.

(7) The Misdemeanor Commission shall work in its full membership and shall make the decisions by a majority of votes of the total number of members.

(8) The Misdemeanor Commission keeps unique records of misdemeanors, pronounces misdemeanor sanctions and adopted decisions in the manner as prescribed by the Securities and Exchange Commission.

(9) The method of access to information contained in the records is prescribed by the act under paragraph (6) of this Article.

(10) Members of the Misdemeanor Commission shall have the right to remuneration for their work in the Misdemeanor Commission which is determined by the President of the Securities and Exchange Commission, and which has to be reasonable and relevant to the importance, scope of work and complexity of misdemeanors.

Mediation

Article 232-c

(1) For the misdemeanors defined by this Law, authorized persons by the Securities and Exchange Commission for conducting supervision within the scope of their authorizations, may offer to the performer of the misdemeanor mediation and reaching an agreements by which the performer of the misdemeanor shall have to pay a fine, other fees or remove the consequences from the performed misdemeanor.

(2) Authorized persons by the Securities and Exchange Commission for the purposes of conducting supervision referred to in paragraph (1) of this Article shall prepare minutes where the consent by both parties is concluded for initiation of a mediation procedure, on which the performer of the misdemeanor shall put his/her signature, as well.

(3) The mediation procedure shall be initiated with a request by authorized persons from the Securities and Exchange Commission for conducting supervisions within eight (8) days from the date when the misdemeanor was concluded.

(4) The consent concerning the mediation should be reached within 8 business days from the date when the mediation procedure commenced.

(5) The mediation procedure is administered before the Mediation Commission consisting of three persons who are employees in the Securities and Exchange Commission, and who are appointed by the President of the Securities and Exchange Commission.

(6) Member of the Mediation Commission should have completed at least university degree.

(7) The Mediation Commission shall work on meeting in its full membership at which the presence of representatives from the performer of the misdemeanor is mandatory, as well an authorized person from the Securities and Exchange Commission for conducting supervision, who concluded that a misdemeanor was performed.

(8) The Mediation Commission shall commence the procedure within 24 hours from the day when the request under paragraph (3) of this Article was received.

(9) For the reached consent concerning the mediation an agreement is prepared where the consent of both parties is concluded.
(10) The agreement contains the obligations of the performer of the misdemeanor, particularly the following:
1) the amount and manner of payment of the fine;
2) the amount and manner of payment of other fees and costs;
3) the measures to be undertaken by the performer of the misdemeanor with the aim of removing the consequences from the misdemeanor.
(11) In the case where consent is reached concerning the mediation, the fine to be paid by the performed of the misdemeanor may be reduced for one half of the maximum prescribed fine for that particular misdemeanor.
(12) The agreement under paragraph (10) of this Article shall have a deed of enforcement.
(13) The Securities and Exchange Commission shall adopt a Rules of Procedure and a Tariff Book for the Operation of the Mediation Commission. The amount and the type of costs defined in the Tariff Book shall be determined on the basis of real costs of the Securities and Exchange Commission for ensuring proper operation of the Mediation Commission.
(14) Members of the Mediation Commission shall have the right to remuneration for their work in the Commission, which has to be reasonable and relevant to the importance, scope of work of the members and the complexity of misdemeanors.
(15) The Mediation Commission shall keep records for initiated procedures for mediation and for their result.

IX. PENALTY PROVISIONS

Article 233

(1) The legal entity (joint stock company or limited partnership by shares) issuer of securities shall be fined 4,000 to 5.000 euro in denar counter value for misdemeanor should:
1) it fails to meet the liabilities arising from Article 5 of this Law;
2) it issue Securities without nominal value in accordance to Article 6, paragraph (4) of this Law;
3) it fail to submit an act of issuance of Securities in a form and contents prescribed by the Commission in accordance with Article 7 of this Law;
4) it acts contrary to Article 11 of this law;
5) it issue, offer and sell Securities by means of a public offer without prior approval by the Commission in accordance with Article 12 of this Law;
6) it fails to commence a procedure for subscription and payment of the offered Securities in accordance with Article 17 of this Law;
7) it fails to publish the invitation for subscription and payment of securities in accordance with Article 18, paragraph (1) of this Law;
8) it fails to publish the prospectus and invitation for subscription and payment of securities in accordance with Article 18, paragraph (3) of this Law;
9) it change during the public offer the statute and other acts which refer to the rights of the owners of securities described in the prospectus in accordance to Article 19, paragraph (1) of this Law;
10) it acts contrary to Article 19, paragraph (2) of this Law in case of changing the conditions in the course of the public offer;
11) it advertise the public offer of securities contrary to Article 20, paragraph (2) and (3) of his Law;
12) the licensed securities market participant fail to ensure the subscription of securities to be made in compliance with this Law, the issuance act and the prospectus pursuant to Article 21 paragraph (2) of this Law;
13) it realizes the public offer within a deadline longer than 12 months in accordance with Article 22 of this Law;
14) it fail to notify the Commission about the quantity of the subscribed and paid Securities and fail to announce them in accordance with Article 24, paragraphs (1) and (3) of this Law;
15) the joint stock company and limited partnership by shares fail to notify the Commission for selling treasury shares and fail to submit the decision for selling of treasury shares in accordance to Article 25, paragraph (1) of this Law;

16) it fail to notify the Commission about an offer whose amount is less than 25.000 euro and fail to make a public announcement about such offer pursuant to Article 26, paragraph (2) of this Law;
17) it fail to notify the Commission and the public within five (5) business days about the completion of the Private Offering about the quantity of the subscribed and paid Securities in accordance with Article 27, paragraph (5) of this Law;
18) it fail to deliver the securities to the Depositary to be registered within three (3) business days of the date of subscription of the basic capital in the Trade Register in accordance with Article 49, paragraph (3) of this Law.
(2) The responsible person within the legal entity – company pursuant to paragraph (1) of this Article shall be fined 1.000 to 2.000 euro in denar counter value for the misdemeanor referred to in paragraph (1).

Article 234

(1) The legal entity - depository shall be fined 4.000 to 5.000 euro in denar counter value for misdemeanor should:
1) it fail to allow a legal entity that satisfies the conditions determined by the Membership Rules to become a member of the Depository in accordance with Article 38, paragraph (4) of this Law;
2) it purchase or in any other way acquire or possess securities for own account that have been registered in its own system pursuant to Article 45 paragraph (1) of this Law;
3) it fails to ask for consent from the Commission in accordance with Article 46 of this Law;
4) it fails to meet the liabilities referred to in Article 48 of this Law.
(2) The responsible person within the legal entity - depository shall be fined 1.000 to 2.000 euro in denar counter value for the misdemeanor referred to in paragraph (1) of this Article.

Article 235

An owner of securities shall be fined 500 to 1.000 euro in denar counter value for misdemeanor should:
1) it have more than 1 securities account at the same depositary, contrary to Article 52, paragraph (5) of this Law;
2) it pass and make available to other persons the data referred to in Article 68, paragraph (1) and paragraph (3) of this Law;

Article 235-a

(1)Fine in the amount of 2,500 to 5,000 Euros in denar counter value shall be imposed for misdemeanor by a legal entity which performs the service of keeping securities, if he doesn't maintain special evidence for the status of the securities for each individual client and fails to submit full details of all individual clients and the number of securities in their possession at the request of the Commission pursuant to Article 52-b paragraph (5) of this Law.
(2) The responsible person within the legal entity shall be fined 1.000 to 2.000 euro in denar counter value for the misdemeanor referred to in paragraph (1) of this Article

Article 236

(1) The legal entity – stock exchange shall be fined 4.000 to 5.000 euro in denar counter value for misdemeanor should:
1) it fail to submit data to the Commission that refer to the entry of the changes in the trade registry within 5 business days in accordance with Article 74, paragraph (3) of this Law;
2) it fail to allow a legal entity to become a member of the Stock Exchange if it satisfies the conditions determined by its Membership Rules in accordance with Article 79, paragraph (3) of this Law;
3) it fails to undertake measures for protection of the computer system and it act contrary to Article 84 of this Law;
4) it buy, acquire or own any Securities for its own account via trade transaction performed through the Stock Exchange in accordance with Article 87, paragraph (1) of this Law;
5) it fails to ask for consent from the Commission for the issues referred to in Article 88 of this Law.

(2) The responsible person within the legal entity – stock exchange shall be fined 1.000 to 2.000 euro in denar counter value for the misdemeanor referred to in paragraph (1) of this Article.

Article 237

An employee of the depository and exchange shall be fined 500 to 1.000 euro in denar counter value for misdemeanor if he/she is a member of Supervisory board, Managing board and the Board of Directors of a shareholder or a depositary and exchange member and if he/she performs services or other activities on their behalf, in accordance to Article 45, paragraph (3) and Article 87, paragraph (3) of this Law.

Article 238

(1) The brokerage house shall be fined with 4.000 to 5.000 euro in denar counter value for misdemeanor should:

1) unauthorized persons provide services with securities contrary to Article 96 of this Law;

2) it fails to maintain the value of the basic capital in any time of its operation in accordance with Article 99 of this Law;

3) it fails to dispose with personal assets at any time of its operation pursuant to Article 100, paragraph (1) of this Law;

4) in a case when the amount of personal assets falls below the minimum amount and with order of the Commission, does not comply with the law in the period according to Article 100, paragraph (2) of this Law;

5) it allocates the profit as a dividend contrary to Article 103 of this Law;

6) it fails to notify the Commission about the changes referred to in Article 104, paragraph (2) of this Law;

7) it fails to notify the Commission in accordance with Article 108, paragraph (3) of this Law;

8) it fails to notify the Commission in accordance with Article 109, paragraph (2) of this Law;

9) the operations referred to in Article 112, paragraph (1) be performed by unauthorized persons for operation with securities, the license for whom is to be issued by the Commission;

10) it fails to comply with the liabilities referred to in Article 116 of this Law;

11) it acts contrary to Article 117, paragraph (2) of this Law;

12) it fails to notify the client pursuant to Article118, paragraph (1) of this Law;

13) it fails to keep the book of orders pursuant to Article 121 paragraph (1) of this Law;

14) it buy or sell Securities for its own account or for the accounts of a person employed in a brokerage house contrary to Article 122 of this Law;

15) it fail to keep the assets of the client on a separate account pursuant to Article 123, paragraph (1) of this Law;

16) it fails to pay in the assets of the client pursuant to Article 123, paragraph (2) of this Law;

17) it makes payments form clients' assets contrary to Article 123, paragraph (4) of this Law;

18) it uses one client's assets for the benefit of any other client contrary to Article 123, paragraph (5) of this Law;

19) it fail to submit to the client a confirmation for conclusion and settlement of every transaction in accordance with Article 124, paragraph (1) of this Law;

20) it fails to keep records and keep all documents in accordance with Article 125 of this Law;

21) it fails to conclude a written contract with the client in accordance Article 126 of this Law;

22) it fail to submit to the Commission a text of any draft – advertisement before it is published in accordance with Article 128, paragraph (3) of this Law;

23) it fail to conclude an agreement for portfolio and fail to satisfy the conditions referred to in Article 129 of this Law;

24) it fails to submit a monthly report to the Commission every 15 of the month pursuant to Article 131, paragraph (1) of this Law.

25) it fail to notify the Commission about changes in data stated in the application for operation license pursuant to Article 131, paragraph (3) of this Law;

26) it fails to submit an annual report for its operation to the Commission pursuant to Article 131, paragraph (4) of this Law;

(2) The responsible person in the brokerage house shall be fined with 1.000 to 2.000 euro in denar counter value for the misdemeanor referred to in paragraph (1) of this Article.
(3) A broker in the brokerage house shall be fined with 500 to 1.000 euro in denar counter value for the misdemeanor referred to in paragraph (1) of this Article.

Article 239

(1) A natural person acting contrary to the prohibition for performing services related to securities referred to in Article 96 of this Law shall be fined 5.000 to 1.000 euro in denar counter value for misdemeanor.
(2)Legal entity acting contrary to the prohibition for performing services related to securities referred to in Article 96 of this Law shall be fined 4.000 to 5.000 euro in denar counter value for misdemeanor.

Article 240

(1) A natural person acting contrary to Article 105 paragraph (1) of this Law shall be fined 500 to 1.000 euro in denar counter value.

Article 241

(1) An investment advising company shall be fined 4.000 to 5.000 euro in denar counter value for misdemeanor should:
1) it fail to maintain the value of the basic principal in any time of its operation as referred to in Article 149, paragraph (1) of this Law
2) it fails to possess liquid assets on disposal as referred to in Article 149, paragraph (3) of this Law
(2) The responsible person in the investment advising company shall be fined 1.000 to 2.000 euro in denar conservable for the misdemeanor referred to in paragraph (1) of this Article.

Article 241-a

(1) Fine in the amount of 2,500 to 5,000 Euros in denar counter value shall be imposed for misdemeanor by a member of the Investor compensation scheme if:
1) does not act in accordance with Article 152-v and
2) uses membership in the Investor compensation scheme for their advertising under Article 152-z, paragraph (3) of this Law.
(2) The responsible person of the member of the scheme shall be fined 1.000 to 2.000 euro in denar counter value for the misdemeanor referred to in paragraph (1) of this Article

Article 242

(1) The Joint Stock Company with Reporting Requirements shall be fined 4.000 to 5.000 euro in denar counter value for misdemeanor should:
1) it fail to submit to the Commission an audited annual report in accordance with Article 154, paragraph (1) of this Law;
2) it fails to publish a summary of the annual report in accordance with Article 155, paragraph (1) of this Law;
3) it fail to submit to the Commission a semi – annual report in accordance with Article 156 of this Law;
4) it fails to submit to the Commission quarterly financial statements in accordance with Article 157, paragraph (1) of this Law;
5) it fail to submit to the Commission the reports prepared by the executive members of the Board of Directors and the Managing Board in accordance with Article 158 of this Law;
6) it fail to submit to the Commission a copy of its annual, semi-annual, quarterly and current report pursuant to Article 160, paragraph (1) of this Law;
7) the person appointed for a member of the Supervisory, Managing Board or Board of Directors of the joint stock company fail to notify the Commission and the joint stock company in accordance with Article 165 of this Law.

(2)Fine in the amount of 2,500 to 5,000 Euros in denar counter value will be imposed for a misdemeanor by a Joint Stock Companies and other entities-issuers of securities, which securities are not listed on the stock exchange and are not maintained in the register of joint stock companies with special reporting obligation, if they didn't act in accordance with Article 166-b of this Law.
(3) The responsible person within the legal entity shall be fined 1.000 to 2.000 euro in denar counter value for the misdemeanor referred to in paragraph (1) of this Article.

Article 243

(1) The legal entity or a licensed securities market participant or another physical person shall be fined 4.000 to 5.000 euro in denar counter value for misdemeanor in the operation with Securities should:
1) it create a false image about certain securities on the market contrary Article 170 of this Law;
2) it spread false information via the media including the Internet envisaged in Article 171, paragraph (1) of this Law;
3) while buying or selling securities it perform manipulative and deceptive acts in accordance with Article 172 of this Law;
4) on the basis of insider information, it buys or sells securities contrary to Article 173, paragraph (3) of this Law.
(2) The responsible person within the legal entity shall be fined 1.000 to 2.000 euro in denar counter value for the misdemeanor referred to in paragraph (1) of this Article.

Article 244

Legal entities shareholders, members of Managing Board, Supervisory Board and members of Board of Directors, employees or external collaborators which, during performance of the professional tasks, have access to insider information, shall be fined for violation with 1.000 to 2.000 euro in denar counter value should they act contrary to Article 173 of this Law;

Article 245

The members of the managing bodies, director, the employees and licensed auditors, should they fail to act in accordance with Article 177 of this Law shall be fined for violation with 1.000 to 2.000 euro in denar counter value.

Article 245-a

Fine in the amount of 7,500 to 15,000 Euros in denar counter value will be imposed for misdemeanor of legal entity which:
1) obtained a qualified holding in brokerage house, Stock Exchange or Depository contrary to Article 152 and paragraphs (a) and (3) of this Law to and
2) doesn't acted in accordance with Article 152-d, paragraph(3) of this law.

Article 245-b

Fine in the amount to 2,500 to 5,000 Euros in denar counter value will be imposed for misdemeanor by a legal entity if it fails to inform the Commission according to Article 152-a paragraph (6) of this Law.

Article 245-c

Fine in the amount of 3.500 to 7.000 Euros in denar counter value will be imposed for misdemeanor of natural person who:
1) obtained a qualifying holding in brokerage house, Stock Exchange or Depository contrary to Article 152-a, paragraphs (1) and (3) of this Law and
2) doesn't acted in accordance with Article 152-d, paragraph (3) of this law.

Article 245-d

Fine in the amount from 750 to 1,500 Euros in denar counter value will be imposed for misdemeanor by natural person, if he fails to inform the Commission according to Article 152-a, paragraph (6) of this Law.

Article 245-e

Fine in the amount of 7,500 to 15,000 Euros in denar counter value will be imposed for misdemeanor by brokerage house, a branch office of a foreign brokerage house and authorized Bank if they violate the provisions of Article 152-a, paragraph (7) of this Law.

Article 245-f

(1) Fine in amount of 500 to 1,000 Euros in denar counter value will be imposed for misdemeanor by the person from Article 200 of this law, if the person is called in, but he did not come, but he didn't justified the absence or if he came, and warned about the consequences, without legal reasons he refuse to give a statement.

(2) Fine of up to tenth times of the amount stipulated in paragraph (1) of this Article shall be imposed on a person, which beside the fine according to paragraph 1, refuses to give a statement. "

CHAPTER X: TRANSITIONAL AND FINAL PROVISIONS

Further Commission Regulations

Article 246

(1) The Commission shall issue all secondary regulations and other acts in accordance with this Law no later than one (1) year after the date this Law comes into effect.
(2) The existing regulations shall be in force until the regulations referred to in paragraph (1) of this Article are adopted.

Compliance of the Operation of the Central Securities Depository JSC Skopje

Article 247

The Central Securities Depository JSC Skopje shall harmonize its operation in accordance with this Law no later than one (1) year after this Law comes into effect with regard to: the Minimum Basic Capital requirement set forth in Article 34 of this Law; the structure of its Management Supervisory Board and its Board of Directors; all necessary Rules required by this Law as well as to divest itself of any Securities, the ownership of which would violate the Article 45, paragraph (1) of this Law.

Compliance of the Operation of the Macedonian Stock Exchange JSC Skopje

Article 248

The Macedonian Stock Exchange JSC Skopje shall harmonize its operation in accordance with this Law no later than one (1) year after this Law comes into effect with regard to: the Minimum Basic Capital requirement set forth in the Article 75 of this Law; the structure of its Management Board, Supervisory Board and its Board of Directors; all necessary Rules required by this Law as well as to divest itself of any Securities, the ownership of which would violate the Article 87 paragraph (1) of this Law.

Compliance of the Operation of Brokerage Houses

Article 249

Each brokerage house is obligated within one (1) year after this Law comes into effect to submit to the Commission a statement of its current ownership structure and to harmonize its operation with the provisions of this Law with regard to the Minimum Basic Capital requirement and the operation of its branch offices.

Licenses for Operating with Securities

Article 250

Individuals that have obtained the certificate for operation with Securities before the date this Law goes into effect shall, within 180 calendar days after the date this Law comes into effect, apply to the Commission for a license for operation with securities in accordance with this Law.

Initial Ownership Reports

Article 251

The persons obligated to submit Initial Ownership Reports pursuant to this Law shall submit them to the Commission within sixty (60) calendar days after this Law comes into effect.

Securities and Exchange Commission

Article 252

(1) The terms of office of the existing Commission members shall terminate after the expiry of the period for which they are elected.

(2) The Government of the Republic of Macedonia within a one (1) year after this Law comes into effect shall propose to the Parliament of the Republic of Macedonia to elect two members (Commissioners) from the current membership of the Commission that are full – time professionally engaged in the Commission and cannot hold other position and be employed anywhere else or receive other remuneration, except for the salary as Commissioners and occasional fees for educational activity and royalties.

Article 253

The procedures initiated but not completed by the time this Law goes into effect shall be continued in accordance with the regulations that have been in force before this Law goes into effect.

Article 254

Transactions with securities where an international financial institution is involved as purchaser or seller as an exception from Article 63 of this Law, by 31 December 2006 may be settled in a manner and procedure prescribed by the Securities and Exchange Commission.

Termination Date

Article 255

On the date this Law goes into effect the Law on Securities (Official Gazette of the RM no. 63/00, 103/00, 34/01, 4/02, 37/02, 31/03, 85/03 and 96/04**),** ceases to be in effect except the provisions of Chapter V Subchapter 1 – Trade with Money and Short-Term Securities.

Enforcement date

Article 256

The provisions from the Article 197, paragraph (1), item i) and paragraph (2), item 1), the Article 220, paragraph (1), item e), the Article 220, paragraph (2) item a) and Article 221, paragraph (1), item d) shall come into effect on January 1, 2007.

Article 257

This Law shall go into effect on the eighth day following its publication in the "Official Gazette of the Republic of Macedonia."

-ANNEX 5-

CRIMINAL PROCEDURE LAW

PART ONE
GENERAL PROVISIONS
SECTION A: CONCEPTS AND LEGAL TERMS
Chapter I
BASIC CONCEPTS
Article 1
Purpose of this Law

This law shall establish the rules that provide for an objective and fair criminal procedure, thus ensuring that no innocent person is ever convicted and the perpetrator of the criminal offense is criminally sanctioned according to the terms provided in the Criminal Code and on the basis of a lawfully conducted procedure.

Article 2
Presumption of innocence

(1) Any person charged with a criminal offence shall be presumed innocent until his or her guilt is established by a valid and final court verdict.

(2) State authorities, media and all other entities shall be obliged to observe the rule of paragraph 1 of this Article, and their public statements about the ongoing procedure shall neither violate the rights of the defendant and the injured party, nor harm the judicial independence and impartiality.

Article 3
The legality and proportionality principle

(1) Prior to passing a valid and final verdict, the freedoms and rights of the defendant and other persons, proportional to the severity of the criminal offense and the degree of suspicion may be limited only to the extent that is necessary and under circumstances as provided for in the Constitution of the Republic of Macedonia, international agreements that have been ratified in accordance with the Constitution of the Republic of Macedonia and this Law.

(2) Only a competent court with a decision, in a procedure conducted according to this Law, may impose criminal sanctions on the perpetrator of the criminal offense.

Article 4
Decision making in a manner that is more favorable for the defendant (*In dubio pro reo*)

The Court shall decide on the predicament of the existence or non-existence of the facts that characterize the criminal offense on which the application of a certain provision of the Criminal Code depends, in a manner more favorable for the defendant.

Article 5
The right to a fair trial

Any person charged with a criminal offence shall have the right to a fair and public trial before an independent and impartial tribunal, in an adversarial procedure, with a possibility to challenge the accusations and tender and present evidence in his or her defense.

Article 6
The right to trial within a reasonable time

(1) Any person that is subject of the procedure shall have the right to be taken before a court within a reasonable time and tried without any unjustified delays.

(2) The court shall be obliged to conduct the proceedings without any delay and to preclude any abuse of the rights that belong to the persons that participate in the proceedings.

(3) Each natural person will be sanctioned with a fine from 700 to 1000 Euros payable in Macedonian Denars and each legal entity will be sanctioned with a fine from 2500 to 5000 Euros payable in Macedonian Denars according to the current exchange rate, for misusing the rights to which he is entitled during the procedure.

(4) The duration of detention and other limitations of personal freedom must be limited to the shortest necessary time.

Article 7
Double jeopardy clause

No person shall be tried again and sentenced for a criminal offense for which he or she has already stood trial and a final and valid judicial verdict exists.

Article 8
Official language and alphabet

(1) The official language in the criminal procedure shall be the Macedonian language and its Cyrillic alphabet.

(2) Another official language spoken by more than 20% of the citizens and its alphabet shall be used in the procedure in accordance with the law.

Article 9
The right to an interpreter or translator

(1) The defendant, the injured party, the private plaintiff, the witnesses and all other participants in the procedure who speak an official language other than Macedonian, shall have the right to use their own language and alphabet during the proceedings.

(2) Other parties, witnesses and participants in the procedure before the court shall have the right to a free assistance of an interpreter, i.e. translator, if they do not understand or speak the language used during the proceedings.

(3) The entity that conducts the procedure shall ensure verbal interpretation of anything said and presented by the parties, as well as of any documents and other written exhibits and evidence. The entity that conducts the procedure shall ensure a written translation of all written submissions that are important for the procedure or defense of the accused.

(4) The person shall be advised of his or her right to an interpreter or translator. The record shall indicate that the person was advised and it shall note the person's response in this regard.

(5) The interpretation shall be performed by a court approved interpreter, i.e. translator.

Article 10
Submissions of the parties

(1) Any claims, appeals and all other submissions shall be submitted in the language in which the procedure is being conducted.

(2) Any citizens who speak an official language other than Macedonian may submit their filings in their own language and alphabet. Such filings shall be translated and distributed to all parties in the proceedings.

(3) All other persons who do not speak or understand the Macedonian language and its Cyrillic alphabet may submit their filings to the court in their own language and alphabet. In such instances, the court shall proceed according to paragraph 2 of this Article.

(4) The defendant who does not understand the language used during the procedure shall receive a translated version of the indictment, in a language that he or she used during the procedure.

(5) Any foreign citizen who had been deprived of liberty or detained may use his or her own language to submit a filing, and in other cases, under conditions of reciprocity.

Article 11
Service of process

(1) Court summons, decisions and other written materials shall be delivered in the language used in the procedure.

(2) Any citizens who speak an official language other than Macedonian shall also receive the summons, decisions and other written materials in their own language.

(3) Any defendant who is in detention, serving a prison sentence or is subjected to an obligatory psychiatric treatment and placed in custody of a healthcare institution shall receive a translation of all filings as referred to in paragraph 1 of this Article in the language that the person was using during the procedure.

(4) Any defendant who does not understand the language, in which the procedure is conducted, shall receive a translated version of the judgment in the language that the person was using during the procedure.

Article 12
Legality of evidence

(1) Extorting a confession or any other statement from the defendant or any other person who participates in the procedure shall be prohibited.

(2) Any evidence collected in an unlawful manner or by violation of the rights and freedoms established in the Constitution of the Republic of Macedonia, the laws and international agreements, as well as any evidence resulting thereof, may not be used and may not provide the ground for a judicial verdict.

Article 13
The right to compensation and rehabilitation

Any person who has been unlawfully arrested, detained or unlawfully convicted shall have the right to compensation for damages from the budget, the right to be rehabilitated, as well as other rights established by law.

Article 14
Advising ignorant parties of their rights

The body that conducts the proceedings shall advise the defendant or any other person who participates in the procedure, who might miss out on any part of the proceedings out of ignorance, and thus not exercise his or her rights, of the rights that the person has in accordance with this Law and of the possible consequences of his or her lack of action.

Article 15
The principle of objectivity

The court and the state authorities shall be obliged to pay equal attention to the investigation and determination of both aggravating and exculpatory facts.

Article 16
The principle of free evaluation of evidence

(1) The right of the court and any state authorities which participate in the criminal procedure to evaluate the existence or non-existence of facts shall not be bound nor limited by any special formal rules of evidence.

(2) The court and the other state authorities shall be obliged to clearly elaborate and indicate the reasons for their decision.

Article 17
The accusatory and formality principle

(1) A criminal procedure shall be initiated and conducted only upon request by an authorized plaintiff.

(2) The authorized plaintiff for crimes prosecuted ex officio or upon a request from the injured party shall be the public prosecutor, and a private plaintiff shall be the authorized plaintiff for criminal offenses that are prosecuted as a result of a private claim.

Article 18
The principle of legality of the criminal prosecution

The public prosecutor shall be obliged to initiate criminal prosecution if there is evidence that a crime, which is prosecuted ex-officio, has been committed, unless stipulated otherwise in this Law.

Article 19
The act of initiation of the criminal procedure and consequences from the initiation of the procedure

(1) The criminal procedure shall commence with the act of issuing an order for investigation, or with the very first investigation performed prior to the issuance of an investigation order, with the scheduling of a main hearing after an indictment or a private claim has been filed, with an application for a penal warrant or with an application for a security measure.

(2) When it is prescribed that the commencement of the criminal procedure is to result in limitation of certain rights, such limitations shall apply as of the date of approval of the indictment.

Article 20
Preliminary issues

(1) If the application of the provisions of the Criminal Code depends on a previous decision regarding a certain legal issue, to be rendered by the court or another state body in some other procedure, such an issue shall be decided upon according to the provisions for substantiating in the criminal procedure. The decision on the legal issue by the criminal court shall be legally applicable only to the criminal case which is being deliberated by this court.

(2) If, as part of another procedure, the court or another state body has already previously decided on such a legal issue, this previous decision shall not be binding for the Trial Chamber in its evaluation whether a certain criminal offense has been committed or not.

Chapter II
MEANING OF LEGAL TERMS AND OTHER PROVISIONS

Article 21
Meaning of terms

The specific terms used in this Law shall have the following meaning:

1) A **suspect** shall be a person against whom a preliminary procedure is conducted.
2) A **defendant** shall be a person against whom an indictment has been confirmed, an indictment application has been filed, an application for a security measure has been filed, personal legal actions have been filed or an application for a penal warrant has been filed.

The term defendant in this Law shall be also used as a general term referring to the suspect, accused or a convicted person.

3) A **convict** shall be a person whose criminal liability for a specific criminal offense has been established with a valid and final court verdict.
4) A **victim** of a criminal offense shall be any individual who has suffered some kind of damage, including physical or mental injuries, emotional suffering, property loss or any other violation or endangerment of his or her rights and interests, as a consequence of a criminal offense that has been committed.
5) An **injured party,** apart from the victim shall also be any other individual who's personal or property rights have been violated or endangered by a criminal offense and who participates in the criminal procedure by joining the criminal prosecution or for the purpose of effectuating a property loss claim.
6) A **private plaintiff** shall be a person who has filed personal legal action for the purpose of prosecution of criminal offenses that are prosecuted per personal legal action.
7) A **plaintiff** shall be the public prosecutor and a private plaintiff.
8) **Parties** shall be the plaintiff and the defendant.
9) The term **judicial police** shall include the police officers from the Ministry of Interior and the members of the Financial Police as well as legally authorized persons from the Customs Administration that are working on the detection of criminal offenses.

10) The term **police** in this Law shall be used as a general term for the members of the judicial police in accordance with this Law and the police officers in accordance with the Police Law, as well as for the members of the Military Police.
11) A **judge of the preliminary procedure** shall be a judge who, during the preliminary procedure, decides on the defendant's freedoms and rights as provided for in the Constitution of the Republic of Macedonia, in the laws and international agreements that have been ratified in accordance with the Constitution of the Republic of Macedonia and on other issues prescribed in this Law.
12) **Direct examination** shall be an examination of a witness and expert witness by the party, i.e. the defense counsel who has called in the witness or expert witness, which represents the manner in which such evidence is presented during the main hearing.
13) **Cross examination** shall be an examination of a witness and expert witness by the opposing party, which represents the manner in which such evidence is presented during the main hearing.
14) **Grounds for suspicion** shall mean information that can be evaluated as proof that a certain crime has been committed on the basis of prior criminal knowledge and experience.
15) **Grounded suspicion** shall mean a higher degree of suspicion based on the evidence collected, which points to the conclusion that a certain person has committed a criminal offense.
16) An **inspection of persons, vehicles, luggage and facilities** shall mean an authorization based on this or another law, limited to an external inspection of the clothes and other items and luggage by using the sense of sight, hearing and smell, but excluding any actions that would make visible something that is not visible, by opening, unpacking etc.
17) A **search** shall mean a detailed inspection and search of a person, means of transportation or a home, according to conditions established by the law.
18) **Recording** shall mean visual-audio or visual or audio recording.
19) **Technical advisors** shall be the professionals from the registry of experts, who are being hired by the parties whenever they need expert assistance in a specific area during the proceedings.

Article 22
Prosecution per application and preceding approval

(1) When the prosecution of a crime depends on an application by the injured party, the public prosecutor shall not be able either to initiate an investigation or to file an indictment application or a penal warrant, until the injured party has filed an application.

(2) When the law prescribes that the prosecution of certain crimes requires previous approval by the competent authority, the public prosecutor shall not be able either to initiate an investigation or to file an indictment application or a penal warrant, unless he or she submits a proof that an approval has been granted.

Article 23
Termination of the criminal procedure in the event of a death

If, during the criminal procedure, it is established that the defendant has died, the criminal procedure shall be terminated with a decision.

SECTION B: PARTICIPANTS

Chapter III
COURT JURISDICTION AND EXEMPTION
1. Subject-matter jurisdiction and composition of the court
Article 24
Subject-matter jurisdiction

In criminal cases, the courts shall adjudicate within the limits of their subject-matter jurisdiction as determined by law.

Article 25
Composition of the court

(1) In the courts of first instance, cases shall be adjudicated by Trial Chambers consisting of two judges and three lay judges for criminal offenses for which the law prescribes a prison

sentence of fifteen years or a sentence of life imprisonment, and by Trial Chambers consisting of one judge and two lay judges for crimes for which the law prescribes a more lenient sentence. For criminal offenses for which the law prescribes a fine as the main penalty or a prison sentence of up to five years, in the first instance, cases shall be adjudicated by an individual judge.

(2) In the courts of second instance, cases shall be adjudicated by Trial Chambers consisting of five judges for crimes for which the law prescribes a prison sentence of fifteen years or a sentence of life imprisonment, and by Trial Chambers consisting of three judges for crimes for which the law prescribes a more lenient sentence. When cases are adjudicated in the second instance at a hearing, the Trial Chamber shall consist of two judges and three lay judges.

(3) In the third instance, cases shall be adjudicated by Trial Chambers consisting of five judges.

(4) The judge of the preliminary procedure, the trial judge i.e. the Trial Chamber for the review of the indictment, the President of the Court and the President of the Trial Chamber shall decide on cases as prescribed in this Law.

(5) First instance courts, organized in Trial Chambers consisting of three judges shall decide on appeals against the decisions of the judge in the preliminary procedure and against other decisions when that is established by this Law, make decisions in the first instance apart from the main hearing, bring a verdict according to the provisions for enforcement of a foreign criminal judgment established in a separate law and put forward motions in cases provided for in this or another law.

(6) The court shall decide on a motion for protection of legality in a Trial Chamber consisting of five judges, and if the motion has been filed against a decision of the Supreme Court of the Republic of Macedonia, the Supreme Court of the Republic of Macedonia shall decide on the motion at a general session.

(7) If not determined otherwise in this Law, the courts of higher instance shall decide in a Trial Chamber consisting of three judges in cases which are not provided for in paragraphs 1 to 6 of this Article.

(8) If, in the first instance court, because of insufficient number of judges, it is not possible to establish a trial chamber, as referred to in paragraph 5 of this Article, upon request by the President of the specific court, the President of the immediately superior court shall delegate a judge from another court from the same jurisdiction.

2. Inherent jurisdiction and transfer of inherent jurisdiction

Article 26

Inherent jurisdiction

(1) As a rule, the court in whose jurisdiction an attempt was made or a crime has been committed shall have the inherent jurisdiction.

(2) A personal legal action may also be filed with the court in whose jurisdiction the accused has his or her permanent or temporary residence.

(3) If the crime has been committed or attempted in jurisdictions of different courts or on the borders of those jurisdictions or if it is uncertain in which jurisdiction the crime was committed or an attempt was made to commit the crime, the court that initiated the procedure first upon request by the authorized plaintiff shall have the jurisdiction, and if the procedure has not commenced yet, the court where the request for initiating a procedure has first been submitted.

(4) If a crime is committed on a domestic ship or on a domestic aircraft while it is in a domestic port, the competent court shall be the one which has the jurisdiction on the territory of the port. In other cases, when a crime is committed on a domestic ship or on a domestic aircraft, the competent court shall be the one which has jurisdiction over the registration port of the ship, i.e. aircraft, or the domestic port, where the ship or the plane is going to stop for the first time.

(5) If a crime is committed through the press, the competent court shall be the one which has the jurisdiction at the location where the material was printed. If the locality is not known, or if the material is printed abroad, the competent court shall be the one which has jurisdiction

over the territory where the material is being distributed. If, according to the law, the author of the material is to be held responsible, the competent court shall be the one that has jurisdiction over the territory where the author has his or her place of residence or the court that has jurisdiction on the territory at the actual location where the event that is being discussed in the material has actually taken place.

(6) The provisions of paragraph 5 of this Article shall be applied accordingly, also in the event if such a material or statement has been published through the radio, television or the Internet.

(7) If the locality of the crime is not known, or if it falls out of the territory of the Republic of Macedonia, the competent court shall be the one that has jurisdiction over the territory of the defendant's permanent or temporary residence.

(8) If the court, within whose jurisdiction the accused has his or hers permanent or temporary residence, has already initiated a procedure, it shall remain to be competent, despite the fact that the crime locality has been established.

(9) If, neither the crime locality is known, nor the permanent or temporary residence of the accused or both of these are out of the territory of the Republic of Macedonia, then the competent court shall be the one, which has jurisdiction over the region where the accused has been apprehended or where he or she has turned himself or herself in.

(10) If a person has committed crimes both in the Republic of Macedonia and abroad, then the competent court shall be the one that has jurisdiction over the criminal offense that has been committed in the Republic of Macedonia.

(11) If, according to the provisions of this Law, it cannot be established which court has the inherent jurisdiction, then it shall be the Supreme Court of the Republic of Macedonia, which is going to assign the case to one of the competent courts with a subject-matter jurisdiction.

Article 27
Transfer of inherent jurisdiction

(1) If the competent court is prevented from proceeding due to legal or practical reasons, it shall be obliged to inform the immediate superior court thereof, which, after the examination by the public prosecutor, when the procedure is taking place upon request by the public prosecutor, shall appoint another court with a subject-matter jurisdiction within its own jurisdiction.

(2) No separate appeal shall be allowed against this decision.

(3) The common immediate superior court may appoint another court with a subject-matter jurisdiction to the case within its own jurisdiction, if it is obvious that this will make the procedure easier, or if there are other legal or practical reasons.

(4) The court may make the decision as referred to in paragraph 3 of this Article upon proposal by the judge of the preliminary procedure, individual judge or by the presiding judge of the trial chamber, or upon proposal by the public prosecutor who appears before the court, which decides on the transfer of inherent jurisdiction when the criminal proceedings are conducted upon request by the public prosecutor.

3. Merger and separation of procedures
Article 28
Merging procedures

(1) If a person has been accused of several crimes, the competent court shall be the one, which, upon request by the authorized plaintiff, has been the first to initiate the procedure, and if the procedure has not yet been initiated, the first court to receive the request for initiating a procedure.

(2) The court jurisdiction shall also be established according to paragraph 1 of this Article if the injured party has simultaneously committed a criminal offense against the defendant.

(3) As a rule, the court which has first initiated a procedure against one of the co-perpetrators shall be competent for all the others.

(4) As a rule, the court that is competent for the person who has committed the crime shall also be competent for all co-perpetrators, persons who have covered up the crime, persons who have helped the offender to commit the crime, as well as for the persons who have not denounced the preparation or the perpetration of the crime and the perpetrator.

(5) As a rule, there shall be one single procedure taking place and only one single verdict in all the cases as referred to in paragraphs 1, 2, 3 and 4 of this Article.

(6) Upon proposal by the public prosecutor, the court may also decide to conduct one single procedure and bring a single verdict in cases when there are several accused persons for a number of crimes, but only if the crimes are mutually connected to each other and if there is evidence that is the same.

(7) The court may decide to conduct a single procedure and bring a single verdict if there are several separate procedures before the same court against the same person for several crimes and against several persons for the same crime.

(8) The competent court that is to conduct the single procedure shall decide on the possible merger of the procedures. No separate appeal shall be allowed against the merger decision or the decision to reject the motion for merger.

Article 29
Separation of procedures

(1) The competent court under Article 28 of this Law, until the completion of the main trial, may decide to separate the procedure for certain crimes or against different defendants and to complete it separately or to hand it over to another competent court, if there are important reasons to do so, or for the purpose of completeness, or in the event of a guilty plea in relation to some of the counts in the indictment, i.e. in the event of a guilty plea by some of the codefendants.

(2) The competent court shall bring the decision to separate the procedure after the examination of the public prosecutor, when the criminal procedure has been initiated upon his or her request.

(3) No separate appeal shall be allowed against the decision for separation of the procedure or a decision to reject the motion for separation of the procedure.

4. Non-jurisdiction consequences and jurisdiction clashes

Article 30
Non-jurisdiction of the court

(1) The court shall be obliged to consider its jurisdiction and as soon as it establishes that it is not competent, the court shall be announced to be incompetent and refer the case to the competent court as soon as the decision becomes valid and final.

(2) After the indictment has entered into legal force, the court shall no longer be able to declare itself inherently incompetent and the parties may not object the inherent incompetence of the court.

(3) The incompetent court shall be obliged to undertake those actions of the procedure for which there is a danger of procrastination.

Article 31
Clash of jurisdiction

(1) If the court to which the case has been referred to as having jurisdiction over the case, considers the court which referred the case or some other court to be competent, it shall initiate a procedure to resolve the clash of jurisdiction.

(2) When a second instance court has made a decision on the appeal against the decision of the first instance court according to which it was declared as incompetent, with respect to the competence, this shall be a decision to be also observed by the court to which the case has been referred to, if the second instance court is competent to resolve by clash of jurisdiction between those courts.

Article 32
Procedure for resolution of clashes of jurisdiction

(1) Any clashes of jurisdiction shall be decided upon by the common immediate superior court.

(2) Before passing a decision regarding the clash of jurisdiction, the court shall ask for an opinion from the public prosecutor, who is competent to proceed before that court, when the criminal

procedure is conducted upon request by the public prosecutor. No separate appeal shall be allowed against this decision.

(3) When deciding on the clash of jurisdiction, and if the conditions as referred to in Article 27 of this Law are met, the court may simultaneously ex officio bring a decision to transfer the inherent jurisdiction.

(4) Until the clash of jurisdiction is resolved, each court shall be obliged to undertake the actions of the procedure for which there is a danger of procrastination.

5. Exclusion

Article 33

Reasons for exclusion

(1) A judge or a lay judge must not exercise his or her judicial obligations:

1) if he or she has suffered any damage as a result of the crime;

2) if the accused, his counsel, the prosecutor, the injured party, his legal counsel or attorney is his or hers marital i.e. illegitimate spouse or a blood relative according to the law regardless of the degree of kinship, a distant relative to the fourth degree and an in- law to the second degree;

3) if, with the accused, his counsel, the plaintiff or with the injured party he or she has a relationship of a guardian, a person under guardianship, one who adopts, an adopted child, foster parent or a foster child;

4) if, in the same criminal case he or she participated as a judge of the preliminary procedure, participated in the examination of the indictment before the main trial or participated in the procedure as a plaintiff, defense counsel, legal counsel or authorized representative for the injured party, i.e. the plaintiff, or was examined in the capacity of a witness or as an expert witness;

5) if, in the same case, he or she participated in the decision making process of the lower court, or if, in the same court, he or she participated in the bringing of the decision that is annulled with the appeal;

(2) Apart from the situations as referred to in paragraph 1 of this Article, a judge or a lay judge may also be excluded from performing his or her judicial obligations if there are any circumstances that would cause any doubts regarding his or her impartiality.

Article 34

Exclusion procedure

As soon as he or she establishes the existence of any of the reasons for exclusion as referred to in Article 33, paragraph 1 of this Law, the judge or lay judge shall be obliged to stop working on that case and inform the President of the Court thereby, who shall appoint a substitute judge. If the exclusion is for the President of the Court, he or she shall appoint his or her own substitute judge amongst the judges from the same court, and if that is not possible, he shall ask the President of the immediate higher court to appoint the substitute.

Article 35

Exclusion upon request by the parties

(1) The parties may also ask for exclusion.

(2) The parties may submit a motion for exclusion prior to the beginning of the main hearing and if they have found out the reasons for the exclusion as referred to in paragraph 1 of Article 33 later, they shall submit the exclusion motion immediately after they have been informed about them.

(3) The party may include the exclusion motion for a judge of the higher instance court in the appeal or in the response to the appeal.

(4) The party may demand exclusion only of an individual judge or a lay judge, who proceeds in the case i.e. a judge from the higher court.

(5) One may not submit a motion for exclusion of the President of the Court, unless he or she acts as a trial judge, and the decision on his or hers exclusion shall be brought by the President of the immediate higher court.

(6) In its motion, the party shall be obliged to cite the circumstances due to which it considers that there are lawful grounds for exclusion.

(7) The motion for exclusion shall be denied if it is based on the same reasons, i.e. circumstances for which a decision has already been made. A separate appeal shall not be allowed against the decision for denial of the motion.

Article 36

Ruling on the motion for exclusion

(1) The President of the Court shall rule on the exclusion motion as referred to in Article 35 of this Law.

(2) If there is an exclusion motion only for the President of the Court, or for the President of the court and a judge or a lay judge, the exclusion decision shall be brought by the President of the immediate higher court, and if the exclusion motion is for the President of the Supreme Court of the Republic of Macedonia, the exclusion decision shall be reached at a general session of that court.

(3) If the exclusion motion has been filed pursuant to paragraph 1, Article 33 of this Law, the procedure shall be terminated, and the decision regarding the exclusion motion shall be brought by the President of the Court immediately, and not later than three days after the filing date of the motion.

(4) If the exclusion motion has been filed pursuant to paragraph 2, Article 33 of this Law, the procedure shall not be terminated, and the decision shall be brought by the President of the Court immediately, and not later than three days after the filing date of the motion.

(5) Before bringing the exclusion decision, one shall collect statements from the judge, the lay judge i.e. the President of the Court and perform additional actions if necessary.

(6) If the President of the Court excludes a judge, he or she shall assign the case to the next judge in line according to the internal work registry.

(7) A separate appeal against the decision on the approval of the exclusion motion shall not be allowed. A special appeal filed within three days after the decision has been reached can refute the decision with which the exclusion motion has been refused and if such a decision has been brought after the indictment has been confirmed, then it can be refuted only by an appeal to the verdict.

(8) If the exclusion motion pursuant to Article 33, paragraph 2 of this Law has been filed after the beginning of the main hearing, the main hearing shall not be terminated. The President of the Court shall rule on the motion immediately, but not later than three days after the filing date of the exclusion motion. If the verdict in the case is reached before the President rules on the exclusion motion, the party may present the reasons and evidence for the exclusion in the appeal to the verdict.

(9) A separate appeal against the decision referred to in paragraph 8 of this Article shall not be allowed.

Article 37

Validity of actions taken after an exclusion motion has been filed

When a judge, or a lay judge learns of a motion for his or her exclusion, he or she shall be obliged to stop working on the case immediately, and if the exclusion motion has been filed pursuant to Article 33, paragraph 2 of this Law, until the exclusion motion is ruled on, he or she may undertake only those actions for which there is the danger of procrastination.

Article 38

Exclusion of public prosecutors and other participants in the procedure

(1) The exclusion provisions for judges and lay judges shall also be equally applicable for the public prosecutors, with the exception of the grounds as referred to in Article 33, paragraph 1, items 4 and 5 of this Law.

(2) The exclusion provisions for judges and lay judges shall be equally applicable for the record keepers, interpreters or translators and other professional staff, as well as for the expert witnesses, unless there are other provisions referring to them (Article 238 of this Law).

(3) The public prosecutor in charge of the public prosecution office shall rule on the motions for exclusion of the public prosecutors from that public prosecution office. The public prosecutor in charge of the immediate higher public prosecution office shall rule on the motions for exclusion of public prosecutors in charge of the lower public prosecution offices.

(4) The entity that conducts the procedure shall rule on any motions for exclusion of record keepers, interpreters or translators and expert witnesses.

Chapter IV
PUBLIC PROSECUTOR AND JUDICIAL POLICE
1. Public prosecutor
Article 39
Rights and obligations of the public prosecutor

(1) The public prosecutor's general right and duty shall be to prosecute perpetrators of criminal offenses, which are to be prosecuted ex-officio.

(2) In cases of crimes which are prosecuted ex-officio, the public prosecutor shall have the following rights and duties:

- to direct the actions of the entities that are competent for detection and reporting of crimes and their perpetrators;
- to propose or issue orders for the application of special investigation measures, under conditions and in a manner as determined in this Law;
- to enact decisions and to conduct investigation procedure;
- to locate, propose and secure evidence, under conditions and in a manner as determined in this Law;
- to propose temporary measures for safeguarding property or objects that are crime proceeds or due to the execution of the measure confiscation;
- to decide on postponement of criminal prosecution under the conditions and in a manner as determined in this Law;
- to propose the issuance of a penal warrant under the conditions as determined in this Law;
- to negotiate and bargain with the defendant on a guilty plea, under the conditions and in a manner as determined in this Law;
- to file and represent indictments before the competent court;
- to appeal against judicial decisions that are not valid and final and apply extraordinary legal remedies against valid and final decisions;
- to rule upon appeals by injured parties in circumstances as provided for in this Law; and
- to undertake other activities provided by the law.

(3) The public prosecutor shall initiate special procedures and shall participate in them when that is prescribed with a separate law.

Article 40
Competency of the public prosecutor

(1) The subject-matter jurisdiction of the public prosecutor shall be determined by the provisions that are valid for the court jurisdiction for the region to which the prosecutor has been appointed and by the Law on the Public Prosecution Office.

(2) The inherent jurisdiction of the public prosecutor shall be determined by the provisions that are valid for the court jurisdiction for the region to which the prosecutor has been appointed.

(3) Any clashes of jurisdiction amongst public prosecutors shall be decided by their immediate higher public prosecutor.

(4) When there is a danger of procrastination, any required actions may be taken over by an incompetent public prosecutor, but he or she must immediately inform the competent public prosecutor thereof.

Article 41
Management role of the public prosecutor in the preliminary investigation procedure

(1) For the purpose of fulfilling the function of criminal prosecution, the public prosecutor shall manage the preliminary investigation procedure and dispose of the judicial police.

(2) The public prosecutor alone may undertake any action deemed necessary to detect a crime and detect and prosecute its perpetrator, for crimes for which, according to the law the authority belongs to the Ministry of Interior, the Financial Police and the Customs Administration.

Article 42

Waiving of prosecution rights by the public prosecutor

In certain cases as determined by law, the public prosecutor may waive his or her prosecution rights prior to the completion of the criminal procedure.

Article 43

Conditional postponement of the criminal prosecution

(1) In agreement with the injured party, the public prosecutor, with a decision, may postpone the criminal prosecution for a criminal offense that entails a prison sentence of up to three years, if the suspect is willing to behave according to the instructions given by the public prosecutor and fulfill certain obligations that would reduce or eliminate the harmful consequences from the criminal offense, put an end to the disturbances that have resulted from the criminal offense, i.e. influence is exerted in order to reintegrate the suspect. Such obligations may include the following:

1) obviating or compensating for the damages;
2) returning any items that have been taken away;
3) making a monetary contribution in favor to the Budget of Republic of Macedonia or to some other institution with a public authority or for humanitarian purposes;
4) fulfilling any obligations regarding subsistence;
5) undergoing treatment for any addictions;
6) undergoing psychosocial therapy in order to eliminate any violent behavior;
7) prohibited visits or contacts with the victims of the crime as well as with third parties as determined by the public prosecutor for a period that shall not exceed six months;
8) community work in a duration of 40-120 hours; or
9) when the conditions for release are met as a result of damage compensation as determined by the Criminal Code.

(2) With regards to the obligations as referred to in paragraph 1, items 1, 2, 3, 4, 7, 8 and 9 of this article, if the suspect has fulfilled his or her obligation in a period not longer than six months, i.e. he or she observed the ban, the public prosecutor shall enact a decision, thus not criminally prosecuting the suspect for the criminal offense referred to in paragraph 1 of this Article.

(3) With regards to the obligations as referred to in paragraph 1, items 5 and 6 of this Article, the public prosecutor shall determine the duration of the conditional postponement in consultation with a specialized institution for treatment of addictions, i.e. with the competent center for social work. The duration of the conditional postponement shall not be longer than one year.

(4) If the perpetrator has started, but not completed the imposed obligations in the prescribed deadline, the public prosecutor shall file an application for initiation of a summary procedure, also taking into account the portion of the obligations that has been completed.

Article 44

Waiving of criminal prosecution

The public prosecutor shall not be obliged to prosecute, i.e. may wave his or her rights of criminal prosecution if:

1) The Criminal Code states that the court may relieve the perpetrator of the crime from punishment and if the public prosecutor, bearing in mind the specific circumstances of the case, establishes that a verdict on its own, without a criminal sanction is not required;

2) For the criminal offense the Criminal Code prescribes a fine or a prison sentence of up to three years, and if the suspect has shown great remorse and has prevented any harmful consequences or has provided full compensation for any damages caused, and if the public prosecutor, bearing in mind the concrete circumstances of the case, establishes that there are no grounds for criminal sanctions;
3) The suspect, as a member of an organized group, gang or another criminal enterprise, voluntarily collaborates before or after the detection or during the criminal procedure and if such cooperation and statement given by that person is of essential importance for the criminal procedure.

Article 45
Investigative centers of the Public Prosecution Office

(1) For the benefit of the criminal procedure, for the region covered by one or more public prosecution offices, investigation centers of the public prosecution shall be established.
(2) The investigation centers referred to in paragraph 1 of this Article shall be established with a decision by the Chief Public Prosecutor of the Republic of Macedonia.
(3) The total number of members of the judicial police in the investigative centers of the public prosecution will be determined with a decision by the Chief Public Prosecutor of the Republic of Macedonia, after an opinion has been provided by the Minister of Interior, Minister for Justice and the Minister of Finance.
(4) The tasks at the investigation center shall be performed by the employees of the organizational units referred to in Article 48, paragraph 1, item 2 of this Law, who shall be selected to work for a fixed time period, through an internal job competition, as well as persons employed in the Public Prosecution Office in accordance with the Law on the Public Prosecution Office.
(5) Any individuals referred to in paragraph (4) of this Article may participate in the investigative actions, that is, in their preparation, taking statements and proposals, and they can independently conduct certain actions assigned to them by the public prosecutor. The reports on such actions taken shall be approved by the public prosecutor within 48 hours from the moment when the action was taken.
(6) The employees that have been selected to work in the investigation center shall be at the disposal of the public prosecutor, and they shall work under his or hers control and supervision, they shall respect and carry out the public prosecutor's orders, work according to his or her instructions and guidance and shall be responsible for their work before the public prosecutor.
(7) During the period when they have been selected to work at the investigation center, those employees may not be assigned to another post at the state bodies where they have come from or be removed and prevented from working on the current case, without an explicit approval by the public prosecutor.

2. Judicial Police
Article 46
Duties of the Judicial Police

(1) The Judicial Police, ex-officio or upon order by the public prosecutor shall take measures and activities in order to detect and criminally investigate crimes, prevent any further consequences of the crimes, apprehend and report the perpetrators, secure the evidence and other measures and activities that might be useful for an unobstructed criminal procedure.
(2) The Judicial Police shall conduct investigations and activities as ordered or asked by the court and the public prosecution office.
(3) The duties referred to in paragraphs 1 and 2 of this Article shall be performed by the chiefs and officers from the Judicial Police.

Article 47
Authority of the Financial Police and the Customs Administration

(1) The authorization that has been provided to the Judicial Police with this Law, shall also belong to the Financial Police in the event of detection and investigation of the following crimes: laundering of money and other crime proceeds from Article 273, illegal trade from Article 277, smuggling from Article 278 and tax evasion from Article 279, all of those from the Criminal Code, as well as other criminal offenses that involve crime proceeds of significant value.

(2) The authorization that has been provided to the Judicial Police with this Law, shall also belong to the Customs Administration in the event of detection and investigation of the following crimes: production and sale of harmful medicaments from Article 212, production and sale of harmful food and other produce from Article 213, unauthorized production and sale of narcotic drugs, psychotropic substances and precursors from Article 215, unauthorized collection and disposal of nuclear materials from Article 231, import of hazardous materials in the country from Article 232, export of goods under temporary protection or cultural heritage or natural rarities from Article 266, laundering of money and other crime proceeds from Article 273, smuggling from Article 278, customs fraud from Article278-a, hiding smuggled goods and customs fraud from Article 278-b, tax evasion from Article 279, illegal possession of weapons and explosives from Article 396, human trafficking from Article 481-a, all of those from the Criminal Code, criminal offenses from the Excise Tax Law and other crimes related to imports, exports and transit of goods across border lines.

Article 48
Composition of the Judicial Police

(1) The duties of the Judicial Police as referred to in this Law shall be performed by:

1) the police officers in the organizational units at the Ministry of Interior, the Financial Police and the Customs Administration, which, according to their scope of work as defined by law, shall undertake measures and activities for detection of crimes, apprehension and reporting of the perpetrators, securing evidence for the crimes and other measures that provide for an unobstructed criminal procedure;
2) the members of the Judicial Police at the investigation centers of the Public Prosecution Office; and
3) the officials assigned to the public prosecutor pursuant to Article 50 of this Law.

Article 49
Chiefs and officers of the Judicial Police

(1) Chiefs at the Judicial Police shall be the heads of the organizational units as referred to in Article 48, paragraph 1, item 1 of this Law, that have direct communication with the Public Prosecutor.

(2) Officers of the Judicial Police shall be the police officers from the Ministry of Interior, the members of the Financial Police and the authorized personnel by law from the Customs Administration of the Republic of Macedonia, from the organizational units referred to in Article 48 items 1 and 3 of this Law, as well as the members of the judicial police in the investigation centers of the public prosecutor's office as referred to in item 2 of article 48 of this Law.

Article 50
Officials assigned to the public prosecutor on demand

(1) As necessary and for the purpose of an efficient criminal procedure, upon order from the public prosecutor, the officers as referred to in Article 48 item 1 of this Law shall be assigned to work for him or her.

(2) The officers who are going to be assigned to the public prosecutor shall be at an exclusive disposal to the public prosecutor, they shall work under his or her control and supervision, they shall respect and carry out the public prosecutor's orders, work according to his or her instructions and guidance and shall be responsible for their work before the public prosecutor.

(3) During the period when they have been assigned to work for the public prosecutor, those employees may not be assigned to another post at the state bodies where they have come from

or be removed and prevented from working on the current case, without an explicit approval by the public prosecutor.

Article 51
Functional disposal of the judicial police

(1) The Judicial Police shall operate under the command of the competent public prosecutors.
(2) Pursuant to the provisions of this Law, the members of the Judicial Police shall be held responsible for their actions before the competent public prosecutor.
(3) The chiefs and officers of the Judicial Police shall be obliged to carry out the tasks that have been assigned to them. The members of the Judicial Police may not be reassigned from the tasks that have been given to them as part of the investigation of the crime, unless there is such a decision by the competent public prosecutor.

Article 52
Disciplinary responsibility of the judicial police

(1) Regarding the disciplinary responsibility of the members of the Judicial Police in relation to the performance of their functions pursuant to this Law, the competent public prosecutor may raise an initiative to commence disciplinary proceedings with the competent entity wherefrom the members of the Judicial Police originate, in accordance with the law.
(2) The entity shall be obliged, without any delay, to inform the petitioner about the results of the raised initiative as referred to in paragraph 1 of this Article.
(3) If no disciplinary procedure has been initiated at the appropriate entity or if the public prosecutor is not satisfied with the results of the disciplinary procedure or with the manner in which it was conducted, the Chief Public Prosecutor of the Republic of Macedonia may directly address the Government of the Republic of Macedonia.

CHAPTER V

VICTIM, INJURED PARTY AND PRIVATE PLAINTIFF

1. Victim

Article 53
Victim's rights

(1) The victim of a crime shall have the following rights:
1) to participate in the criminal procedure as an injured party by joining the criminal prosecution or for the purpose of a legal-property claim for damages;
2) to get special care and attention by the bodies and entities that participate in the criminal procedure; and
3) to get an effective psychological and other professional assistance and support by bodies, institutions and organizations that provide for help to crime victims.
(2) The police, the public prosecutor and the court shall act with special care towards the victims of criminal offenses, advising them of their rights as referred to in paragraph 1 of this Article and Articles 54 and 55 of this Law and they shall take care of their interests when making decisions for criminal prosecution of the accused, i.e. when undertaking actions during the criminal procedure when the victim has to be present in person, when they have to draft an official note or record.
(3) In accordance with the special regulations, any victim of a crime, which entails a prison sentence of at least four years, shall have the right to:
1) get a councilor paid by the state budget before giving a statement, i.e. declaration or filing the legal-property claim, if the victim has serious psycho-physical impairment or if there are serious consequences as a result of the crime; and
2) be compensated for material and non-material damages from a state fund, under conditions and in a manner as prescribed in a separate law, if the damage caused cannot be compensated from the convicted person.

Article 54

Special rights of victims of vulnerable categories of victims

(1) The victims shall have the right to special measures of process protection when giving statement or being interrogated during all stages of the procedure:

1) if, at the time when giving the statement, the victim is less than 18 years of age;

2) if giving a statement or an answer to a certain question would mean exposing themselves or another close person to a serious threat for their life, health or physical integrity (endangered victims);

3) if, because of their age, the nature and consequences of the crime, the physical or psychological disability or another significant health condition, the social or cultural history, family circumstances, religious beliefs and the ethnic affiliation of the victim, the behavior of the defendant, members of the defendant's family or friends towards the victim, there might be harmful consequences for their psychological or physical health or if it has a negative effect on the quality of the statement provided (especially vulnerable victims).

(2) The special measures of process protection shall be determined by the court, upon proposal from the public prosecutor or the victim, or upon its own initiative, when it is necessary to protect the endangered and especially vulnerable victims.

(3) When deciding on the determination of the special measures of process protection referred to in paragraph 2 of this Article, the court shall have to take into account the victim's will.

(4) The court shall have to assign special measures of process protection in the cases as referred to in paragraph 1, item 1 of this Article:

1) when a child victim has a need for special care and protection; or

2) when the child is a human trafficking victim, victim of violence or sexual abuse.

(5) In cases as referred to in paragraph 4, individually or along with another special measure of protection, the court has to ask for a video and audio recording of the statement and interrogation of the child, so that it can be used as evidence in the procedure. In exceptional cases, because of newly established circumstances in the case, the court may order additional interview of the child victim, once more at the most, through the use of technical means of communication.

(6) The manner of implementation of the special measures of process protection of child victims is regulated with a separate law.

Article 55

Special rights of victims of crimes against gender freedom and gender morality, humanity and international law

(1) Apart from the rights established in Article 53, the victim of crimes against gender freedom and gender morality, humanity and international law, shall also have the following rights:

1) before the interrogation, to speak to a counselor or a proxy free of charge, if he or she participates in the procedure as an injured party;

2) to be interrogated by a person of the same gender in the police and the public prosecution office;

3) to refuse to answer questions that refer to the victim's personal life, if those are not related to the crime;

4) to ask for an examination with the use of visual and audio means in a manner established in this Law; and

5) to ask for an exclusion of the public at the main hearing.

(2) The court, the Public Prosecutions Office and the police shall be obliged to advise the victim of his or her rights referred to in paragraph 1 of this Article, prior to the very first examination at the latest and to prepare an official note or record accordingly.

Article 56

Victim not informed of the right to participate in the procedure as an injured party

(1) The victim who has not been informed of his or her right to participate in the procedure in the capacity of an injured party shall have the right to report to the police or to the Public Prosecution Office as an injured party until the moment when the indictment is raised, and to report to the court prior to the completion of the main hearing.

(2) The application of the victim as an injured party shall be rejected if it is obviously unjustified or untimely.

2. Injured party and private plaintiff

Article 57

Rights of the injured party

The injured party shall have the following rights in the criminal procedure:

1) to be advised of his or her rights;
2) to use his or her language and alphabet and the right to be assisted by an interpreter, i.e. a translator if he or she does not understand the language used during the procedure;
3) to put forward a motion for a legal or property claim;
4) to have a legal representative;
5) to indicate facts and propose evidence;
6) to be present at the evidentiary hearing;
7) to be present at the main hearing and to participate in the evidentiary procedure, as well as to comment on the legal or property claim and the legal and criminal event;
8) after the investigation has been completed, to review the files and items that are going to be used as exhibits and evidence;
9) to file an appeal under the conditions prescribed in this Law;
10) to file a motion for prosecution and personal legal action in accordance with the provisions of the Criminal Code;
11) to be informed about any lack of action or waiver of criminal prosecution rights by the public prosecutor;
12) to appeal to the higher Public Prosecutor against the decision of the Public Prosecutor to waive his or her prosecution rights, under the conditions prescribed in this Law;
13) to ask for the return of the previous state of affairs;
14) to ask for an observance of his or her right to privacy;
15) to participate in the mediation process, in a manner and under conditions as prescribed in this Law.

Article 58

Submission of a proposal and personal legal action

(1) For crimes that are prosecuted upon proposal or personal legal action, the proposal or the personal legal action shall be submitted within a period of three months from the day when the authorized person for submission of the proposal or the private charge has learned about the crime and the perpetrator.

(2) If there is a personal legal action because of the criminal offense of insult, before the end of the main hearing and after the period referred to in paragraph 1 of this Article has expired, the accused may file action against the plaintiff, who has simultaneously insulted him or her (counter charges). In such an event, the court shall pass a single judgment.

(3) The prosecution proposal shall be submitted to the competent public prosecutor and the personal legal action to the competent court.

(4) If the injured party files criminal charges or puts forward a motion for a legal and property claim as part of the criminal procedure, this shall be considered as if he or she has put forward a proposal for criminal prosecution.

(5) When the injured party filed criminal charges or a prosecution proposal and during the procedure it is established that the crime is a crime that is prosecuted upon a personal legal action, then the charge i.e. proposal shall be considered as a timely personal legal action if it has been submitted within the prescribed period for personal legal action. The personal legal action that has been filed in due time shall be considered as a timely submitted proposal by the injured party, if, during the procedure, it is established that the criminal offense is a crime that is prosecuted upon a proposal.

Article 59

Proposal for criminal prosecution or private action filed on behalf of a minor

(1) On behalf of minors and persons that are fully incapacitated to work, the criminal prosecution proposal or the personal legal action shall be submitted by their legal representative.
(2) Minors who have already turned eighteen years of age may submit proposals or private actions themselves.

Article 60
Initiation and continuation of the procedure after victim's death

If the crime victim dies during the period for submission of proposals or personal legal action or during the procedure itself, then his or her marital i.e. illegitimate spouse, children, parents, adopted children, foster parents, brothers and sisters, within a period of three months after his or her death, may file a proposal or legal action i.e. give a statement that they continue the procedure.

Article 61
Multiple injured parties

If several persons have suffered damage as a result of the crime, the prosecution will be initiated i.e. continued upon a proposal or personal legal action taken by each of the damaged parties.

Article 62
Cancellation of the proposal or the personal legal action

(1) With a statement given to the court before which the procedure is conducted, the injured party and the private plaintiff may cancel the proposal i.e. the personal legal action until the completion of the main hearing. In such an event, they shall lose their right to file a proposal or a personal legal action again.
(2) If the injured party cancels the proposal, i.e. the personal legal action prior to the commencement of the main hearing, the court shall enact a decision for termination of the procedure, and if the party cancels it after the commencement but prior to the completion of the main hearing, the court shall enact a rejection verdict (Article 402, paragraph 3 of this Law).

Article 63
Non-attendance of the private plaintiff at the main hearing

(1) If the private plaintiff does not attend the main hearing although he or she has been properly summoned, or the court summons could not have been handed because he or she has not informed the court about the change of current address of his or her temporary or permanent residence, then it shall be considered that he or she has withdrawn the charge.
(2) The Presiding Judge of the Trial Chamber or the individual judge shall allow the private plaintiff to restore the previous state of affairs, if, for justified reasons he or she could not attend the main hearing or inform the court of the change of address of temporary or permanent residence in due time, if he or she submits a request for the return of the previous state of affairs within a period of eight days after the impediment ceased to exist.
(3) After a period of three mounts has elapsed from the date of the omission, it shall no longer be possible to seek restoration of the previous state of affairs.
(4) A separate appeal against the decision to grant the restoration of the previous state of affairs shall not be allowed.

Article 64
The right to propose evidence, access to the case file and other rights

(1) During the procedure, the injured party and the private plaintiff shall have a right to point out all the facts and propose evidence, which are important for the establishment of criminal liability and the legal and property claim.
(2) At the main hearing, they shall have the right to propose evidence, examine the accused, witnesses and expert witnesses, to object and give explanations in reference to their statements and to give other statements and put forward suggestions.

(3) The injured party and the private plaintiff shall have the right to access the case file and review any exhibits that have been admitted as evidence. The injured party may not have the right to access the case file until he or she has been examined as a witness first.
(4) The public prosecutor and the court shall advise the injured party and the private plaintiff of their rights as referred to in paragraphs 1, 2 and 3 of this Article.

Article 65
Private plaintiff's rights

According to the provisions of this Law, the private plaintiff shall have the same rights as the public prosecutor, except the ones that belong to the public prosecutor in the capacity of a state authority.

Article 66
Minor as an injured party

(1) If the injured party is a minor or a person that is fully incapacitated to work, his or her legal representative shall be authorized to give all statements and to undertake all actions for which, according to this Law, the authority belongs to the injured party.
(2) Any injured party who is older than eighteen (18) years of age shall be authorized to give statements and take actions during the procedure on his or her own.

Article 67
Proxy of the private plaintiff and the injured party

The private plaintiff and the injured party, as well as their legal counsels, may also exercise their rights in the procedure through a proxy.

Article 68
Change of address notification duty

The private plaintiff and the injured party, as well as their legal counsels and proxies shall be obliged to inform the court about any change of their address or place of temporary or permanent residence.

Chapter VI
DEFENDANT AND DEFENSE COUNSEL
Article 69
Rights of an invited, brought in and person who has been deprived of liberty

(1) The person who has been invited, brought in or deprived of liberty shall be immediately informed, in a language that he or she understands, of the reasons for the invitation, bringing in or deprivation of liberty and any suspicion or criminal charges against him or her, as well as of his or her rights, and the person shall not be asked to give a statement.
(2) First, in a clear manner, the accused shall be advised about the right to remain silent, the right to consult with a lawyer alone and to have a defense counsel of his or her choice present during the examination.
(3) The person that has been brought in or deprived of liberty shall also be advised of the right to inform a member of his or her family or someone close to him or her, i.e. a diplomatic or consular representative office of the country whose citizen the person is, regarding the bringing in or deprivation of liberty. Adequate medical assistance shall be provided as needed or upon request by the person who has been brought in or deprived of liberty.
(4) Any person who has been deprived of liberty shall be immediately, and within 24 hours from the moment when the person was deprived of liberty at the latest, taken before a court, which shall decide on the lawfulness of the deprivation of liberty without any delay.
(5) Any publication of photographs or recordings of people who are detained or deprived of liberty shall be made by hiding the appearance of the person.

Article 70
Rights of the defendant

Every defendant shall have the following basic rights:

- to be informed on time and in detail, in a language that he or she understands, about the crimes that he or she is accused of and any evidence against him or her;
- to have enough time and possibilities to prepare his or her defense, and especially to have access to the case file and be familiar with any available incriminating or exculpatory evidence, as well as to communicate with a defense counsel of his or her own choice;
- to be tried in his or her presence and to defend in person or with the assistance of a defense counsel of his or her own choice, and if the person is indigent, to get a defense counsel free of charge when that is required by the interest of justice;
- to freely present his or her defense;
- not to be coerced into testifying against himself or herself and people that are close and plead guilty;
- to have a possibility to speak about the facts and the evidence that he or she is charged with and to present all facts and evidence that would support his or her defense case;
- to examine the witnesses of the prosecution on his or her own or through the defense counsel, as well as to be able to ensure the presence and examination of the defense witnesses, under the same conditions as is the case with the prosecution witnesses; and
- during the main hearing to be able to consult with his or her defense counsel, but not to be able to discuss the way he or she will answer individual questions.

Article 71
Right to a defense counsel

(1) Any person who has been suspected or accused of a criminal offense shall have the right to a defense counsel throughout the duration of the criminal procedure against him or her.

(2) Prior to the initial examination or any other action for which such an obligation is provided for in this Law, the accused shall have to be advised of his or her right to a defense council of his or her choice, with whom the person may consult in private, who may also be present during his or her examination.

(3) The defense counsel for the defendant may also be provided by his or her legal representative, marital i.e. illegitimate spouse, blood relative of first degree, foster parent, an adopted child, brother, sister and bread winner, unless the accused is explicitly against it.

(4) Only a licensed attorney may act as a counsel for the defense.

(5) For crimes that entail a prison sentence of at least ten years, the defense counsel shall be an attorney with at least five years or working experience, following the passing of the bar exam.

(6) The defense counsel is obliged to submit a letter of attorney to the body before which the procedure is conducted. The defendant may also verbally accredit his or her counsel on record, before the body that conducts the procedure.

Article 72
Mutual defense counsel for several defendants and several defense counsels for a single defendant

(1) Several defendants may have a mutual defense counsel only if it is not against the interests of their own defense. If, according to the entity conducting the procedure the defendants cannot have the same defense counsel, the entity shall invite them to appoint another counsel within a certain time period, and if the case calls for a compulsory defense, it shall proceed pursuant to Article 74 of this Law.

(2) A defendant may have several defense counsels and the defense is considered to be provided when at least one of the counsels participates in the procedure.

Article 73
Individuals who cannot act as defense counsels

(1) The victim, the injured party, the marital i.e. illegitimate spouse of the victim, injured party or the plaintiff, and their direct blood relatives of first degree, may not assume the role of a defense counsel.

(2) A person summoned as a witness in the procedure may also not be a counsel, unless, according to this Law, the person has been relieved from his or her duty to testify and has

stated that he or she is not going to testify or if the counsel is being heard as a witness as referred to in Article 213, item 2 of this Law.

(3) Neither a person who is a co-defendant in the same case may not be a defense counsel, nor a person who has acted as a judge, public prosecutor or a police official.

Article 74

Compulsory defense with a defense counsel and ex-officio defense counsel

(1) If the accused is dumb, deaf or incapable to defend himself or herself successfully or if a criminal procedure is conducted against him or her for a crime, which, according to the law, entails a sentence of life imprisonment, then the person shall have a defense counsel as of his or her first questioning.

(2) The defendant shall have a counsel during the detention period, if detention has been imposed against him or her.

(3) After an indictment has been raised for a crime for which a prison sentence of ten years or a more severe sentence is proscribed in the law, the accused shall have a counsel at the time of the delivery of the indictment.

(4) The accused shall have a defense counsel during the procedure of negotiation and bargaining with the public prosecutor on the guilty plea.

(5) The defendant who is being tried in his or her absence shall have a defense counsel assigned immediately after the decision for a trial in absence has been brought.

(6) If the accused, in the cases of compulsory defense as referred to in the previous paragraphs of this Article, does not provide a counsel himself, the President of the Court shall assign a defense counsel ex officio for the further duration of the criminal procedure until the final legally valid verdict. When the accused has been assigned a counsel ex officio after the indictment has been raised, the accused shall be informed accordingly together with the act of delivery of the indictment.

Article 75

Defense of indigent persons

(1) When the conditions for mandatory defense are not met, upon his or her motion, the defendant may be assigned counsel, if, taking his or her financial situation into consideration, it is deemed that the defendant cannot bear the expenses of the defense, when required for the purpose of the interest of justice and specifically due to the severity of the crime and complexity of the case. In the motion, the defendant can indicate the preferred attorney from the list of defense counsels of the appropriate legal community.

(2) The judge of the preliminary procedure i.e. the Presiding Judge of the Trial Chamber shall rule on the motion as referred to in paragraph 1 of this Article, and the defense counsel shall be appointed by the President of the Court.

(3) The defense expenses as referred to in paragraph 1 of this Article shall be covered by the State Budget of the Republic of Macedonia.

Article 76

Revocation and cancellation of the letter of attorney

(1) The rights and obligations of the defense counsel shall cease as soon as the defendant revokes the letter of attorney.

(2) If the defendant revokes the letter of attorney of his or her counsel, he or she shall inform the court thereof immediately, and within three days at the latest.

(3) If the defendant does not inform the court about the accreditation of a new defense counsel, within a period of three days, the court shall assign a counsel ex-officio, counting from the date when the defendant informed the court, i.e. when he or she was obliged to inform the court.

(4) The defense counsel whose letter of attorney has been revoked shall be obliged to take all necessary actions in the procedure for the benefit of the defendant until the announcement of the assignment of a new counsel, but for no longer than 15 days from the date of revocation of the letter of attorney.

(5) If the defense counsel cancels the letter of attorney for the defendant, the defendant shall be obliged to inform the court about the revocation of the letter of attorney immediately, or within three days at the latest, and if the defendant has not assigned a new counsel, an ex-officio counsel shall be assigned by the court within a period of three days.

(6) If the defendant informs the court that he already gave the power of attorney to another counsel, the court shall revoke the decision for the assignment of an ex-officio counsel.

(7) If the revocation or cancellation has been done during a hearing at the main trial, the defense counsel shall be obliged to take all necessary actions for the benefit of the defendant until the completion of that particular hearing.

(8) If the court establishes that there are no proper grounds for the cancellation of the power of attorney and it has been done in order to delay the procedure, it shall inform the Bar Chamber of the Republic of Macedonia thereof.

(9) The Bar Chamber of the Republic of Macedonia shall be obliged to inform the court about the activities undertaken in that regard, within a period of three months at the latest.

Article 77
Dismissal of assigned counsel

(1) Instead of the assigned counsel as referred to in Articles 74 and 75 of this Law, the defendant may get another counsel himself or herself. In that case, the assigned counsel shall be dismissed.

(2) The assigned counsel may ask to be dismissed only for justified reasons.

(3) Before the main hearing, it shall be the preliminary procedure judge, i.e. the Presiding Judge of the Trial Chamber who shall decide on the dismissal of the counsel in cases as referred to in paragraphs 1 and 2 of this Article, the Trial Chamber shall be the one deciding at the main trial, and during the appeal, the decision shall be made by the president of the first instance Chamber, i.e. the Chamber that rules on the appeal. A separate appeal against this decision shall not be allowed.

(4) The President of the Court, upon request of the accused or with his or her consent may dismiss the assigned counsel who has not exercised his duties in a responsible and competent manner. The President of the Court shall assign another counsel instead. The Bar Chamber shall be informed thereof by the President of the Court.

Article 78
Counsel's rights

(1) For the benefit of the defendant, the defense counsel shall be authorized to undertake all actions that may be taken by the defendant.

(2) In order to prepare his or her defense, the defense counsel may ask for information from citizens, in accordance with Article 307 of this Law.

Article 79
Counsel's access to the case file

(1) During the criminal procedure, the defense counsel shall have the right to review the case file and any available evidence, in accordance with the provisions of this Law.

(2) The defense counsel shall have the right to access and to get a copy of all reports and other files related to actions to which the defense had a right to be present at, which are being kept at the public prosecution office.

Article 80
Communication between counsel and defendant in detention

If the accused is detained, the defense counsel shall have the right of free and unsupervised correspondence and communication with him or her. In exceptional cases, the judge of the preliminary procedure may subdue this right to visual supervision only, if detention has been imposed under Article 165, paragraph 1, item 2, and there is some probability that the accused might abuse the contacts with his or her counsel.

Chapter VII

INTERINSTITUTIONAL COOPERATION AND LEGAL ASSISTANCE

Article 81
Duty to provide assistance

(1) For the purpose of the criminal procedure, the judicial police, the public prosecutor and the court may ask for assistance from the courts, the public prosecution office, state administration bodies and other state entities and institutions with public authority and from the bodies of the units of local self-government. These entities shall be obliged to respond to such a request as soon as possible, and eliminate all possible impediments without any delay. Whenever necessary, they shall also receive a copy of the criminal case file.

(2) State administration bodies and other state institutions may refuse to act upon the request referred to in paragraph 1 of this Article, with an elaborated decision and in accordance with their legal authorities, if it means violation of their duty to preserve classified information, as long as the competent body does not recall this obligation.

Article 82
Conducting an evidentiary hearing with the assistance of a video-audio conference

(1) Apart from the cases specially provided for in this Law, with a written order, the court may decide to conduct the evidentiary hearing with the assistance of a closed circuit technical device for communication at a distance (video-audio conference link).

(2) The order shall contain data on the location and time of establishment of the video-audio conference link, as well as on the name and address of the person who is to be examined. The witnesses and the defendant shall be summoned pursuant to the provisions contained in Chapter XIII of this Law.

(3) The order may also indicate the person who has the items that are to be seized pursuant to the Criminal Code or may be used to establish the facts in the criminal procedure, who, upon request by the court, may show them during the video-audio conference and then hand them over to the court in accordance with the provisions of Article 195 of this Law.

Article 83
Conducting a video-audio conference

(1) The parties may be present at the video-audio conference and participate in it in accordance with the provisions for presentation of evidence at the main hearing. Any defendants that are kept in detention shall be appropriately enabled to follow the video-audio conference and to ask questions and raise objections.

(2) A professional person who is going to handle the devices shall also have to be present during the video-audio conference.

Article 84
Record of the video-audio conference

(1) The court that conducts the criminal procedure shall keep a record of the video-audio conference, which shall include the time and location of the activities, the individuals that were present, the type and condition of the technical remote communication device, as well as the professional individual who operated the device. The record shall be kept by the court clerk.

(2) The entity that conducts the criminal procedure may also satisfy the special requirements regarding the type and content of the video-audio conference, in accordance with the regulations in some special laws or international agreements that were ratified in accordance with the Constitution of the Republic of Macedonia.

Article 85
Telephone conference

The public prosecutor or the police may check the alibis or other important facts for initiating and conducting the criminal procedure through the use of a telephone connection, which provides for immediate communication with the examined individuals (telephone conference).

Article 86
Record and recording of the telephone conference

(1) The telephone conference record shall contain data on the identity of the persons participating in the telephone conference, information on the capacity in which the person has given the statement and depending on the capacity, also the appropriate personal data.

(2) The recording of the telephone conference referred to in paragraph 1 of this Article may be used in the criminal procedure:

1) if the person who has been examined as a witness, has been advised as prescribed in Article 219 of this Law and has been forewarned about the recording;

2) if the defendant was previously advised of his or her rights as prescribed in Article 206 of this Law; and

3) if the defense counsel is present during the examination of the defendant.

SECTION C: PROCEDURAL ACTIONS
Chapter VIII
MOTIONS AND RECORDS
Article 87
Motions

(1) Personal legal actions, indictments, prosecution applications, motions, legal remedies and other statements and announcements shall be submitted in a written form or given verbally on the record, or they are submitted in an electronic form to the department for admissions of the competent body.

(2) Any motions referred to in paragraph 1 of this Article must be comprehensible and contain everything necessary in order to be able to act upon them accordingly. Any motions submitted by attorneys, bodies of the state administration, legal entities and by persons with public authorizations should also contain data on an electronic mailbox for the service of process registered in accordance with the law.

(3) If not established otherwise in this Law, the entity conducting the procedure shall summon the person who has submitted the motion, which is not comprehensible or does not contain everything necessary to be able to act accordingly, to correct i.e. supplement the motion, and if he or she does not do that in the proscribed period, the court shall reject the motion.

(4) In the summons for correcting i.e. supplementing the motion, the applicant shall be forewarned of the consequences of omission.

(5) Any motions that are submitted to the opposing party according to this Law shall be submitted to the entity conducting the procedure in a sufficient number of copies for the entity and the opposing party. If such motions have not been submitted in a sufficient number of copies, they shall be copied at the expense of the applicant.

Article 88
Penalty for offending the court

(1) The court shall punish any participant in the procedure, with a pecuniary fine of 200 to 1200 Euros, payable in Macedonian Denars, who, in the motion or verbally, or in any other manner offends either the court or the person who participates in the procedure. The penalty decision shall be brought by the court before which the statement has been made, and if the offence has been made in the motion, by the court that rules on the motion itself.

(2) An appeal shall be allowed against this decision which shall be ruled upon by the Trial Chamber referred to in Article 25, paragraph 5 of this Law.

(3) The court shall inform the competent public prosecutor of the Public Prosecution Office about any punishment of a public prosecutor.

(4) The Bar Association of the Republic of Macedonia shall be informed by the Court about any punishment of an attorney.

(5) When the public prosecutor leads the preliminary procedure, and in doing so establishes that a participant in the procedure has offended the court in a certain statement or motion, the public prosecutor or another person who participates in the procedure, shall deliver a copy of the specific motion of statement to the competent court, which may then bring a penalty decision as referred to in paragraph 1 of this Article.

(6) The punishment under paragraph 1 of this Article shall not influence the prosecution and the verdict for the crime committed with the offense.

(7) If, pursuant to paragraph 1 of this Article, the court continues to be offended besides the imposed fine, the court may then impose a fine in an amount that is ten times higher than the amount of the fine referred to in paragraph 1 of this Article.

Article 89
Records

(1) A record shall be kept for each and every action taken during the criminal procedure at the same time when the action takes place, and if that is not possible, then immediately after.

(2) The record shall be kept by a court recorder. Only in the event when a search of a residence or a person is executed, or if the action is taken outside the official premises of the entity, and a court recorder cannot be provided for, the record may be compiled by the person who takes the action.

(3) The record that is compiled by the court recorder shall be compiled in such a manner that the person taking the action tells the recorder aloud what is to be entered into the record.

Article 90
Contents of the record

(1) The following shall be put on the record: the name of the state body before which the action is taking place, the locality, the day and the hour when the action started and finished, first and last names of the present persons and the capacity in which they are present, as well as indication of the criminal case according to which the action is being initiated.

(2) The record shall contain crucial data on the duration and the contents of the action taken. If, during the action, certain materials and records have been seized, that shall be noted in the record and the seized items shall be appended to the record, or their location of safekeeping shall be indicated in the record.

(3) When taking actions such as inspection, search of residences or persons or identification of persons or objects, any important data bearing in mind the nature of such action or for the identification of certain objects (description, dimensions and size of the objects or traces, marking the objects etc.) shall be included in the record, and if sketches, drawings, plans, photographs, records on electronic, mechanical and other devices for audio or visual-audio recording and stenographer notes have been made, that shall be indicated in the record and appended to the record.

Article 91
Keeping the record

(1) The record shall be kept accurately and nothing shall be deleted, added or altered in it. Any crossed out lines shall remain legible.

(2) Any alterations, corrections and additions shall be added at the end of the record and immediately pointed out to the parties and defense counsel and they shall be certified by the persons who sign the record.

Article 92
Insight in the record and signing of the record

(1) The persons who are obliged to participate in the actions of the procedure, as well as the parties, the counsel and the injured party, if present, shall have the right to read the record or to ask for the record to be read back to them. The person who takes the action shall be obliged to forewarn about that, and the record shall indicate whether the warning has been given and

whether the record has been read. The record shall be read always, and if no recorder is present, that shall be duly noted in the record.

(2) The translator, i.e. interpreter if any, shall sign the record at the end, and when executing a search, also the person who is being searched or whose residence is being searched. If the record is not compiled by a recorder, the record shall be signed by persons present during the action. If such persons are not present or are not able to understand the contents of the record, the record shall be signed by two witnesses, unless it is possible to ensure their presence.

(3) Illiterate persons shall put a right hand fingerprint of their index finger instead of a personal signature and the authorized recorder shall write their names underneath. If it is not possible to put a right hand index fingerprint, a fingerprint of another finger or a left hand fingerprint shall be put and the record shall indicate which finger and hand the fingerprint originates from.

(4) If the action could not have been completed without an interruption, the day and the hour of the interruption, as well as the day and the hour when the action continued shall be indicated in the record.

(5) If there was any objection with regards to the contents of the record, such objections shall be also indicated in the record.

(6) At the end, the record shall be signed by the person who has taken the action and the recorder.

Article 93
Setting evidence apart

(1) When this Law establishes that the court verdict may not be based on a certain piece of evidence, the judge of the preliminary procedure, ex-officio or upon proposal by the parties, shall bring a decision to set that evidence apart from the rest of the case file, until the completion of the investigation at the latest. If an indictment has already been raised, the decision to set evidence apart shall be brought by the Chamber for review of the indictment. A separate appeal shall be allowed against this decision, and the higher court shall rule on it.

(2) After the decision becomes valid and enforceable, any evidence that was set apart shall be kept with the judge of the preliminary procedure, apart from the rest of the case file and such evidence may neither be reviewed, nor used in the proceedings. Any records that were set apart shall be put and sealed in a separate file and kept with the judge of the preliminary procedure.

Article 94
Recording of investigative actions

(1) Whenever prescribed in this Law, the performance of investigative or other actions shall be recorded with the use of devices for visual-audio recording. The entity that takes the action shall previously inform the person who is being examined thereof.

(2) The recording shall contain the data as referred to in Article 90, paragraph 1 of this Law, any data necessary to identify the person whose statement is being recorded and information on the capacity in which the person has given the statement. When statements of several persons are being recorded, one shall be obliged to ensure that it is clearly recognizable from the recording who is the person who has given the statement.

(3) The record of the investigative action shall indicate that a recording was made, who made the recording, the fact that the person who is being examined has been previously informed about the recording, if the recording has been copied and where it is kept, if it is not appended to the overall case file.

(4) If not established otherwise in this Law, the entity that performs the investigative action may decide to make a full or partial transcript of the recording and give it to the party, upon his or her request. The transcript shall be reviewed and certified with a signature of the person who performed the action and appended to the record on the investigative action that was taken.

(5) Any recording made pursuant to the provisions of paragraphs 1, 2, 3 and 4 of this Article, shall be kept at the court as long as the criminal case file is kept on record.

(6) Any recordings made pursuant to the provisions of paragraphs 1, 2, 3 and 4 of this Article, may not be publicly shown or broadcasted without a written approval by the parties and the participants in the investigative action.

Article 95
Main hearing record

The provisions in Articles 374 and 375 of this Law shall be applicable to the main hearing record.

Article 96
Deliberation and voting record

(1) A separate record shall be maintained on the deliberation and the voting.
(2) The deliberation and voting record shall contain information on the course of the vote and the decision that was made.
(3) This record shall be signed by all members of the Trial Chamber and the court recorder. If not put on the record, any dissenting opinions shall be appended to the deliberation and voting record.
(4) The deliberation and voting record shall be sealed in a separate envelope. This record may be reviewed only by the higher court when ruling on the legal remedies and in such an event, the court shall be obliged to reseal the record in a separate envelope again, with an indication that it has reviewed the record.

Chapter IX
DEADLINES
Article 97
Deadlines for giving statements and filing motions

(1) Any prescribed deadlines in this Law may not be extended, unless the Code explicitly allows it. If the deadline is prescribed in this Law in order to protect the right of defense and other procedural rights of the accused, the deadline may be shortened if so requested by the accused in a written form or verbally on the record before the court.
(2) If any statement is tied to a deadline, it shall be considered that it was given within the deadline, if it was delivered to the person who was authorized to receive it before the expiry of the deadline.
(3) When the statement is sent by registered post, electronic mail or via telegraph, the day of postage, i.e. the day when the electronic mail was sent shall be considered as the day of delivery to the person to whom it is addressed. The delivery of military mail in places where there is no regular post office shall be considered as a delivery of a registered mail in a post office. It shall be considered that the sender of the statement observed the deadline if the receiver did not receive the statement sent on time, due to wrongful operation of the device for delivery or receipt of the statement, of which the sender was not aware.
(4) A suspect who is in detention may give a statement bound with a deadline, on record with the entity that conducts the procedure or give his or her statement to the prison authorities, and the person serving sentence or kept in an institution due to a security or an educational measure, may give such a statement to the authorities at the institution where he or she is placed. The date and the hour of the compilation of such a record, i.e. the moment when the statement has been handed over to the authorities at the institution shall be considered as the date of delivery to the entity that was competent to receive it.
(5) If a motion that is bound by a deadline, due to ignorance or obvious mistake by the applicant, has been delivered or addressed to an incompetent public prosecutor or court before the expiry of the deadline, and then arrives at the competent public prosecutor or court after the expiry of the deadline, shall be deemed as being received on time.

Article 98
Calculation of deadlines

(1) The deadlines shall be calculated in hours, days, months and years.

(2) The hour or day of the delivery or the announcement, i.e. the hour or day of the actual event, as of which the calculation of the deadline should commence, shall not be included in the calculation of the deadline, and the beginning of the deadline shall start being calculated as of the very next hour or day. One day shall mean 24 hours and the months shall be calculated according to the calendar.

(3) As an exception to the provision in paragraph 2 of this Article, the calculation of the deadlines related to bringing in, holding and detention shall start as of the moment when the person was deprived of liberty.

(4) The deadlines established in months or years shall expire with the end of the last day of the last month, i.e. the year, when its number corresponds with the day when the calculation of the period started. If such a day is missing in the last month, the last day of that particular month shall be considered as the deadline.

(5) Saturdays, Sundays and national holidays shall count towards the final computation of the deadline. If the last day of the deadline is a national holiday, or a Saturday or Sunday, or another day when the state administration body is inoperable, the deadline shall expire at the end of the very next working day.

Article 99

Restoring the previous state of affairs

(1) If the accused, due to justified reasons, does not observe the deadline for an appeal against a verdict or a decision for application of security or an educational measure, or seizure of property, the court shall allow the restoration of previous state of affairs for the purpose of an appeal, if the accused, within a period of 8 days, after the moment when the reason for the omission of the deadline seized to exist, files a motion to restore the previous state of affairs, and if he or she files the appeal together with the motion.

(2) If three months have elapsed following the date of the omission of the deadline, the motion to restore the previous state of affairs shall no longer be possible.

Article 100

Ruling on the restoration of previous state of affairs

(1) The court that has passed the judgment or the decision that is being challenged with the appeal shall rule on the motion to restore the previous state of affairs.

(2) No appeal shall be allowed against the decision to restore the previous state of affairs.

(3) When the accused appeals the decision not to allow the restoration of the previous state of affairs, the court shall be obliged to submit such an appeal to the higher court to be ruled upon, along with the rest of the case file, i.e. the appeal on the judgment or the decision for the application of a security or an educational measure, or seizure of property, as well as with the response to the appeal.

Article 101

Effect of the motion to restore previous state of affairs

As a rule, the motion to restore the previous state of affairs does not prevent the enforcement of the judgment, i.e. the decision for application of security or an educational measure, or seizure of property, however, the court that is competent to rule on such a motion, may decide to delay the enforcement until the motion has been ruled upon.

Chapter X
CRIMINAL PROCEDURE EXPENSES
Article 102
Contents of the criminal procedure expenses

(1) Criminal procedure expenses shall be the expenses incurred for purposes of the criminal procedure, from its initiation to its completion and the expenses for any investigative actions undertaken before the investigative procedure.

(2) The criminal procedure expenses shall include the following:
1) expenses for witnesses, expert witnesses, translators, interpreters and professionals, any expenses for visual-audio recording and copying of the recordings, as well as crime scene investigation expenses;
2) transport expenses for the accused;
3) expenses for apprehension of the accused i.e. the person deprived of liberty;
4) transport and travel expenses for the official personnel;
5) expenses for medical treatment of the accused while he or she is kept in detention, as well as child delivery expenses, except the expenses that are covered by the healthcare insurance fund;
6) a lump sum;
7) recompense and essential expenses of the counsel, essential expenses of the private plaintiff and his or her legal representative, as well as recompense and essential expenses of his or her proxy; and
8) essential expenses of the injured party and his or her legal representative, as well as recompense and essential expenses for his or her proxy.

(3) The lump sum shall be determined within the limits for the amounts as determined by the regulations, considering the duration and complexity of the procedure and the financial situation of the person who is obliged to pay the amount.

(4) The expenses as referred to in items 1, 2, 3, 4 and 5, in paragraph 2 of this Article, as well as the essential expenses of the assigned defense counsel and the assigned proxy, in the procedure for crimes that are prosecuted ex-officio shall be paid in advance from the budget of the entity conducting the criminal procedure and collected later on, from the persons who are obliged to cover them in accordance with the provisions of this Law. The entity conducting the procedure shall be obliged to include all expenses that have been paid in advance in the expense register, which shall become part of the case file.

(5) Any expenses for interpretation incurred through the application of the provisions of this Law, shall not be recovered from the persons who are obliged to cover the criminal procedure expenses in accordance with the provisions of this Law.

Article 103
Decision on the criminal procedure expenses

Any verdict and decision that terminates the criminal procedure shall contain a decision on the amount of the criminal procedure expenses and the person who shall be responsible to cover them.

Article 104
Tendering expenses incurred by one's own guilt

(1) The accused, the injured party, the private plaintiff, the defense counsel, the legal representative, the proxy, the witness, the expert witness, the translator, the interpreter and the adept, regardless of the criminal procedure outcome, shall bear the expenses for their bringing to court, postponement of the main hearing and other procedure expenses, for which they are to blame.

(2) A separate decision shall be brought on the expenses referred to in paragraph 1 of this Article, unless the expenses claimed by the private plaintiff and the defendant are being ruled upon with the decision being brought on the main issue.

(3) The Chamber referred to in Article 25, paragraph 5 shall rule on the appeal against the decision referred to in paragraph 2 of this Article.

Article 105

Ruling on the expenses in a conviction judgment

(1) When the court finds the defendant guilty, it shall state in the verdict that he or she is obliged to compensate the criminal procedure expenses.

(2) A person accused of several crimes shall not be convicted to pay the expenses for those crimes for which he or she was acquitted, if it is possible for those expenses to be separated from the total expenses.

(3) In a conviction verdict of several defendants, the court shall decide on the portion of the expenses that each and every one of the defendants is to compensate and if that is not possible, it shall rule for the defendants to equally bear the expenses. The payment of the lump sum shall be determined for each of the defendants individually.

(4) In the decision on the expenses, the court may relieve the defendant from his duty to compensate fully or partly the criminal procedure expenses as referred to in Article 102, paragraph 2, items 1, 2, 3, 4, 5 and 6 of this Law, if the payment of the expenses would mean endangering the subsistence of the defendant or of the individuals that he or she is obliged to support. If these circumstances are established after the expense decision has been brought, with a special decision, the Presiding Judge of the Trial Chamber may relieve the defendant from the duty to compensate the criminal procedure expenses.

Article 106

Ruling on the expenses in case of termination of the criminal procedure and acquittal or overruling verdict

(1) When the criminal procedure is terminated or when a verdict is reached whereby the charges are dropped against the defendant or the indictment is overruled, the decision, i.e. the judgment shall indicate that the criminal procedure expenses as referred to in Article 102, paragraph 2, items 1, 2, 3, 4, 5 and 6 of this Law, the essential expenses of the defendant, as well as the essential expenses and the recompense for his or her counsel shall fall at the expense of the State Budget of the Republic of Macedonia, except in cases as determined in paragraphs 2, 3, 4 and 5 of this Article.

(2) Any person who knowingly filed false charges shall bear the expenses for the criminal procedure.

(3) The private plaintiff shall be obliged to compensate the criminal procedure expenses as referred to in Article 102, paragraph 2, items 1, 2, 3, 4, 5 and 6 of this Law, the essential expenses of the defendant, as well as the essential expenses and recompense of his or her counsel, if the procedure ends with a verdict whereby the charges are dropped against the defendant or the indictment is overruled, or a decision is brought to terminate the procedure, unless the procedure has been terminated, i.e. if the verdict is to overrule the charges due to death of the defendant, his or her lasting mental illness or because a statute of limitation on the prosecution due to delays in the procedure, for which the blame cannot be assigned to the private plaintiff. If the procedure was terminated since the charges were dropped, the defendant and the private plaintiff may settle with regards to their mutual expenses. If there are several private plaintiffs, they will bear the expenses equally.

(4) The injured party that cancelled the prosecution application, as a result of which the procedure has been terminated, shall bear the criminal procedure expenses if the defendant does not indicate that he or she will pay them.

(5) If the court overrules the indictment due to lack of jurisdiction, the decision on the expenses shall be brought by the competent court.

Article 107

Expenses of the counsel and the proxy

(1) The recompense and the essential expenses of the counsel and proxy of the private plaintiff or of the injured party shall have to be paid by the person who is being represented, regardless of the person who, according to the court’s decision is obliged to bear the expenses of the criminal procedure, unless, according to the provisions of this Law, the recompense and the

essential expenses of the counsel fall at the expense of the State Budget of the Republic of Macedonia. If counsel has been assigned to the defendant, and if the payment of the recompense and the essential expenses would mean endangering of the defendant's subsistence or the subsistence of another person that he or she is obliged to support, then the recompense and the essential expenses of the counsel shall be paid from the State Budget of the Republic of Macedonia.

(2) Any person with power of attorney who is not a lawyer shall have no right to be compensated, except for the portion of the essential expenses.

Article 108

Ruling on expenses incurred in a procedure before the Superior Court

The Superior court shall decide on the duty for payment of the expenses that are going to be incurred before the Superior Court, pursuant to the provisions of Articles 102 to 107 of this Law.

Article 109

Enactment of detailed regulations on the criminal procedure expenses

The amount and the manner of establishment of the realistic expenses that have been made in the criminal procedure shall be prescribed by the President of the Supreme Court after previously obtained opinion from the Chief Public Prosecutor of the Republic of Macedonia.

Chapter XI
LEGAL AND PROPERTY CLAIMS

Article 110

Deliberations of legal and property claims and their case

(1) Any legal and property claims that result from a committed crime shall be deliberated upon proposal by the authorized persons in the criminal procedure, if that does not mean a significant delay of the procedure.

(2) A legal and property claim may refer to a claim for damages, returning objects or nullification of a certain legal affair.

(3) In an insurance case, any legal and property claim as referred to in paragraph 2 of this Article, may be filed by the injured party against the insurance company.

Article 111

Authorized persons who can file legal and property claims

(1) A legal and property claim in a criminal procedure may be filed by a person who is authorized for litigation for such a dispute.

(2) When the claim as referred to in paragraph 1 of this Article is filed by the victim of the crime, the victim shall indicate in the application if any compensation was already awarded or if the claim is filed in accordance with Article 53, paragraph 1 of this Law.

Article 112

Filing legal and property claims

(1) In a criminal procedure, the legal and property claim shall be filed with the same entity that received the criminal charges or with the court before which the procedure is conducted.

(2) The claim may be filed prior to the completion of the main hearing before the first instance court at the latest.

(3) The authorized person shall be obliged to specify the type and amount of his or her claim and submit any evidence.

(4) If the authorized person did not file any legal and property claim during the criminal procedure before the indictment has been raised, he or she shall be informed that the same may be done prior to the completion of the main hearing.

Article 113

Withdrawing an application for legal and property claim

(1) The authorized persons referred to in Article 111, paragraph 1, prior to the completion of the main hearing, may withdraw their application for a legal and property claim in a criminal procedure and may do that through litigation. If the application is cancelled, such an application may not be filed again.

(2) If the legal and property claim, following the application, and prior to the completion of the main hearing, crosses to another person according to the rules of property law, that person shall be invited to declare whether he or she maintains the application or not. If the properly served person does not respond, it shall be deemed that the application has been withdrawn.

Article 114
Ruling on legal and property claims

(1) The court shall rule on any legal and property claims.

(2) In the verdict in which the court convicts the accused, the court shall rule on the legal and property claim partially or in full, and it shall advise the injured party to claim the remainder of the legal and property claim through litigation. If the evidence in the criminal procedure does not provide sufficient ground for full or partial ruling on the legal and property claim, and if their additional collection might mean unjustified delay of the criminal procedure, the court shall refer the injured party to litigation with regards to the legal and property claim.

(3) When the court reaches a verdict whereby the charges against the defendant are dropped or the indictment is overruled, or when it terminates the criminal procedure with a decision, it shall refer the injured party to litigation with regards to the legal and property claim. If the court declares itself incompetent for the criminal procedure, it shall advise the injured party to apply for the legal and property claim in the criminal procedure that is going to be initiated or continued before the competent court.

Article 115
Delivering objects

If the legal and property claim refers to returning an object, and if the court establishes that the object belongs to the injured party and is kept by the accused or by some other participant in the crime or by a person to whom the object was given for safekeeping by them, in its judgment, the court shall indicate that the object is to be returned to the injured party.

Article 116
Nullifying a legal affair

If the legal and property claim refers to the nullification of a certain legal affair, and the court establishes that the application is grounded, in its judgment, it shall declare a full or partial nullification of the legal affair, along with the consequences arising from it, without any interference in the rights of third parties.

Article 117
Revision of an effective judgment in respect of a legal and property claim

(1) During the criminal procedure, the court may revise a judgment regarding a legal and property claim that went into effect, only as a result of an extraordinary legal remedy.

(2) Apart from this case, the convicted person i.e. his or her successors, only through litigation, may ask for the judgment of the criminal court that entered into effect regarding the legal and property claim to be revised, and only if the conditions for repetition according to provisions valid for litigation have been met.

Article 118
Provisional measures for safeguarding legal and property claims

(1) During the criminal procedure, according to the provisions valid for the enforcement procedure, upon proposal by the public prosecutor and other authorized persons, provisional measures may be imposed in order to safeguard the legal and property claim that resulted from the criminal offence.

(2) The judge of the preliminary procedure, during the investigation, shall enact the decision as referred to in paragraph 1 of this Article. If an indictment has already been raised, the decision shall be enacted by the Presiding Judge of the Trial Chamber outside of the main hearing, and by the Trial Chamber during the main hearing.

(3) Any appeal against the decision on provisional measures shall not prevent the enforcement of the decision.

Article 119
Returning objects

(1) If the objects in question undoubtedly belong to the injured party, and they do not serve as evidence in the criminal procedure, such objects shall be returned to the injured party even before the completion of the procedure.

(2) If several injured parties are in a dispute over the ownership of the objects, they shall be referred to litigation, and the court in the criminal procedure shall only rule on the safeguarding of the objects as a provisional security measure.

(3) Any objects serving as evidence shall be temporarily seized and returned to their owner following the completion of the procedure. If such an object is of an essential importance to the owner, it may be returned even before the completion of the procedure, with an obligation for the object to be made available whenever necessary.

Article 120
Provisional safeguarding against a third person

(1) If the injured party has a claim against a third person, because the person has the objects that have been obtained by the criminal offence in his or her possession, or because the person gained from the crime proceeds, the court conducting the criminal procedure, upon proposal by the authorized persons as referred to in Article 111, paragraph 1 of this Law, pursuant to the provisions valid for the enforcement procedure, may also impose provisional safeguarding measures against that third person. The provisions from Article 118, paragraphs 2 and 3 of this Law shall also be valid in this case.

(2) With the judgment whereby the defendant is found guilty, the court shall either recall the measures referred to in paragraph 1 of this Article, if they have not been recalled earlier, or it shall refer the injured party to litigation, thus recalling these measures, if the litigation is not initiated within the deadline established by the court.

Chapter XII
PASSING AND PRONOUNCING DECISIONS
Article 121
Types of decisions in the criminal procedure

(1) In the criminal procedure, decisions shall be passed in the form of verdicts, decisions, injunctions and penalty orders.

(2) Verdicts and penalty orders shall be passed by the court only, whereas decisions and injunctions may also be enacted by other entities that participate in the criminal procedure.

Article 122
Deliberation and voting

(1) The decisions of the Trial Chamber shall be reached following a verbal deliberation and voting. A decision shall be reached if the majority of the members of the Trial Chamber have voted in favor.

(2) The President of the Trial Chamber shall lead the deliberation and the voting and he or she shall be the last to vote. He or she shall be obliged to ensure that all issues have been comprehensively and fully considered.

(3) If there are several dissenting opinions with regards to particular issues that are voted on, whereas none of them has the majority, the issues shall be separated and the vote shall be repeated until a majority is reached. If majority of opinion cannot be reached in this manner, the decision shall be reached so that the votes that are least favorable for the defendant shall

be added towards the next group of votes that are more favorable for the defendant, until the required majority is reached.

(4) The members of the Trial Chamber may not refuse to vote on issues set by the President of the Trial Chamber, but if there is a member of the Trial Chamber who has voted for the accused to be acquitted or the verdict to be annulled and had a dissenting opinion, he or she shall not be obliged to vote on the sanction. If he or she does not vote, it shall be deemed as if he or she has consented with the most favorable vote for the defendant.

Article 123
Order of issues that are voted on

(1) During the deliberation, the first issue voted on shall be the competence of the court, whether it is necessary to supplement the procedure, as well as any other preliminary issues. As soon as the decision on the preliminary issues is reached, the court shall proceed to reaching a decision on the main issue at hand.

(2) During the deliberation on the main issue, the initial vote shall be on the issue whether the defendant committed a crime and whether he or she is criminally liable, followed by a vote on the sentence, other criminal sanctions, criminal procedure expenses, legal and property claims and all other issues that have to be ruled upon.

(3) If one person has been accused of several crimes, the initial vote shall be on the criminal liability and sentence for each of those crimes, followed by a vote on the concurrent sentence for all crimes committed.

Article 124
Secrecy of the vote

(1) The deliberation and the vote shall take place during a closed session.

(2) Only the members of the Trial Chamber and the court recorder shall be present in the room during the deliberations and the vote. The results of the vote shall be confidential.

Article 125
Pronouncement of judicial decisions

(1) If the decision has been verbally pronounced, it shall be indicated in the record or in the case file accordingly, and the person who has received the notification shall confirm it by personal signature. If the parties indicate that they have no intention of appealing the decision, the certified copy of the verbally pronounced decision shall not be delivered to them, if not determined otherwise in this Law.

(2) The copies of the decisions that can be appealed shall be delivered accompanied by an instruction on the right of appeal. Any appeal on the part of the defendant shall be deemed timely if the appeal notice was made within the deadline indicated in the instruction on the right of appeal, if the instruction indicates a deadline that is longer than the legally prescribed one.

(3) The courts are obligated in the time period of two days after the preparation to publish the verdicts on the web page of the court, in a manner prescribed by a law.

Article 126
Availability of judicial decisions

(1) All judicial verdicts shall be publicly available and accessible in electronic or printed copies, except in cases when the public has been excluded pursuant to the Constitution of the Republic of Macedonia, this Law and ratified international agreements in accordance with the Constitution of the Republic of Macedonia.

(2) All other judicial decisions shall be available for inspection and transcription to any interested person, except in cases when the public has been excluded pursuant to paragraph 1 of this article.

Chapter XIII
SERVICE OF PROCESS AND REVIEW OF CASE FILES
Article 127
Ways of service of process

(1) Legal notices are delivered by mail, via electronic mail, through an official person from the entity that sends the legal notice or directly at the entity, or through a legal person with a special authorization as determined by law.

(2) The court may issue a fine in the amount of 700 to 1000 Euro payable in Macedonian Denars to the person from paragraph 1 of this Article, who will not undertake the actions needed to deliver the legal notices or it will deliver the legal notices in an unprofessional manner and hence cause a delay in the procedure.

(3) The party to which the person from paragraph 1 of this article with its unprofessional performance of the duty to deliver the legal notices caused additional costs in the procedure, may in the time period of 15 days from the day when the party became aware of the lack of delivery, i.e. the unprofessional delivery, the party in the same procedure may request from the court to demand from the person in paragraph 1 of this Article to compensate the increased expenses of the procedure in accordance general rules for damage compensation. The court shall decide upon this request with a decision in a time period of 15 days from the day when the request was submitted. This does not exclude the right of the party to seek for compensation of damage that was caused with the unprofessional delivery by the person referred to in paragraph 1 of this Article, in a separate procedure with a lawsuit in accordance with the law.

(4) The court keeps a registry of issued fines referred to in paragraph 2 of this Article for the persons from paragraph 1 of this Article.

(5) Three issued fines to the same individual in accordance with paragraphs 2 and 3 of this Article will represent a basis for instigating a disciplinary procedure in accordance with this law or another law. The President of the court ex-officio will inform the court administrator, the Notary Public Chamber of the Republic of Macedonia, the Chamber of Enforcement Agents and the authorized person of the legal entity about the instigation of a disciplinary procedure.

(6) The court may also verbally inform the person who appears before the court about the summons for the main hearing or other summons, advising him or her about the consequences of non-appearance. If the person is summoned in this manner, this shall be noted in the record, which shall be signed by the summoned person, except if it is a summons noted in the record of the main hearing. This shall be considered as a fully valid service of process.

Article 128
Location of service of process

(1) The entity which has prepared the legal notice shall deliver it to the person to whom it is being sent (receiver) at his or her address of temporary or permanent residence or at the employment address and it may also be sent to another address at which the receiver may be found at or to an electronic e-mail address of the receiver.

(2) Delivery of legal notices to attorneys, legal entities, state administration bodies, as well as to persons and legal entities with public authority shall be done in an electronic format in the electronic mailbox that is registered in accordance with the law. The delivery in an electronic format shall be done trough the IT system of the competent body to the address of the electronic mailbox of the recipient of the delivery.

(3) If the defendant, injured party, witness, expert witness or the other persons who are part of the procedure, at the main trial, as advised by the court, agree to have the legal notices delivered in an electronic format and provide an electronic mailbox, the delivery to these persons will be done in an electronic format through the IT system of the court.

(4) If there are no technical possibilities, the delivery of the legal notices to the attorneys, legal entities, state administration bodies, as well as to persons and legal entities with public authorities shall be done to the address that is written in the registry. If the delivery to that address fails the legal notice shall be posted on the notice board at the court, and with the

expiry of eight days from the day when the notice was posted, it shall be considered that the service of process was done regularly.

(5) In the case of military personnel, members of the police and the judicial police, guards in institutions that house persons who has been deprived of liberty and transport workers on land, water and in the air, the delivery of legal notices shall be done in person and by informing their immediate superior officer.

(6) In the case of persons deprived of liberty, the delivery of legal notices shall be done at the court or to the administration of the institution that houses them.

(7) In the case of persons who enjoy diplomatic immunity in the Republic of Macedonia, if not determined otherwise in the international agreements that have been ratified in accordance with the Constitution of the Republic of Macedonia, any delivery of legal notices shall be made through the Ministry of Foreign Affairs.

(8) Service of process for citizens of the Republic of Macedonia who reside abroad, if one does not apply the procedure provided for in the regulations on international cooperation in criminal matters, shall be done through the post office, in an electronic format or via the diplomatic or consular representative offices of the Republic of Macedonia in the foreign country, assuming that the foreign country does not oppose such manner of service of process, and the person who is to be served agrees to accept the legal notice voluntarily. The authorized employee at the diplomatic or consular representative office shall sign the receipt as server of process if the legal notice was served at the office itself, and if the legal notice was delivered by mail, he or she shall confirm the delivery on the receipt. Any delivery to a legal entity that has its headquarters abroad can be done via its office or authorized representative office in the Republic of Macedonia.

(9) Persons included in a witness protection program shall be served through the entity that implements the protection.

Article 129
Delivery of legal notices

(1) The legal notice shall be delivered directly to the person to whom it has been sent, and he or she is obliged to receive it. If the person is not found at the location where he or she is supposed to be served, the provider of service of process shall deliver it to some member of his or her household, older than 16 years of age, who shall be obliged to receive the legal notice. If they are not to be found in the home, the legal notice shall be left to the caretaker or to a neighbor, if they agree to receive it. If the service of process is done at the workplace of the person who is to be served, and the person is not found there, then the delivery of the legal notice may be made to the person who is authorized to receive the mail, who shall be obliged to receive it or to a person who is working at the same place, if that person agrees to receive the legal notice. If the person is not to be found at the location where he or she is to be served, the service of process official shall leave a written notification of the service of process, asking the person, at a specific day and hour, to come to the premises of the competent body in order to be served. If the person does not proceed as per the notification, it shall be considered that the service of process took place at the day and time as indicated in the notification. This shall mean that service of process has been effectuated.

(2) If it is established that the person who should receive the legal notice is absent and because of that, the persons referred to in paragraph 1 of this Article cannot deliver the notice on time, the legal notice shall be returned with an indication on the whereabouts of the absent person.

(3) If service of process does not take place according to paragraph 1 of this Article, the entity in charge of the procedure shall post the legal notice at the notice board at the court, and after eight days from the moment when the notice has been posted, it shall be considered that service of process has been properly effectuated.

Article 130
Serving the defendant

(1) If the entity conducting the procedure cannot serve the defendant, because he or she did not report the change of address or it is obvious that he or she avoids to be served in another

manner, the legal notice and the verdict, except in the cases referred to in paragraph 2 of this Article, shall be posted on the notice board at the court, and with the expiry of eight days from the day when the notice was posted, it shall be considered that the service of process was done regularly.

(2) If the defendant who has no counsel has to be served with a verdict for a prison sentence or a penalty order with a verdict, and the delivery cannot be executed at his or her reported address, the court shall appoint a counsel ex-officio, who is going to perform that duty until the new address of the defendant is identified. The assigned counsel shall be given a certain time period to get acquainted with the case file, which shall not be shorter than eight days, and afterwards the verdict shall be delivered to the assigned counsel and the procedure shall continue.

(3) If the defendant has a counsel, the indictment, the indictment application, the personal legal action and all other decisions from whose delivery the appeal deadline starts to expire, as well as the appeal by the opposing party, which is delivered for a response, shall be delivered to the defendant and defendant's counsel, in accordance with Article 127 of this Law. In such an event, the deadline for notification of legal remedy, i.e. response to the appeal, shall start to expire from the day when the defendant was served. If the defendant has been issued a detention measure or if he or she is serving a prison sentence, the deadline shall start to expire as of the day when the defense counsel was served.

(4) If the legal notice is to be served to the defendant's counsel, and if the defendant has several counsels, serving just one of them shall be sufficient.

(5) If the defendant is tried in absence, any legal notices shall be served to his or her counsel, which shall be considered as regular service of process.

Article 131
Delivery receipt

(1) The delivery receipt shall be signed by the receiver and the official who delivers it. The receiver himself or herself, shall indicate the date of reception on the delivery receipt.

(2) If the receiver is illiterate or not in a condition to sign the receipt, the official shall sign it, indicate the date of receipt and the reason for the lack of the signature by the receiver of the legal notice.

(3) If the receiver or the person who is obliged to receive the legal notice rejects to receive the legal notice or to sign the delivery receipt, the official shall leave the legal notice at the place where he or she met the receiver or the person who is obliged to receive the legal notice and make a note in the delivery receipt thereof, indicating the day, hour and the location where the legal notice was left, which shall be considered as proper service of process.

(4) Any delivery in an electronic format in the electronic mailbox shall be considered as completed on the day when the legal notices have been electronically received.

(5) When serving a legal notice to the electronic address of the person who is to be served, the information technology system of the competent entity shall also send a notification that a written document has been sent by the information technology system of the competent entity, which is to be downloaded by the holder of that electronic address.

(6) All electronic mail from the inbox has to be downloaded within eight (8) days from the date when it was sent at the latest.

(7) The person who is being served shall be forewarned in the notification referred to in paragraph 5 of this Article that even if the electronic mail is not downloaded from the inbox within the deadline prescribed in paragraph 6 of this Article, it shall be considered that the person has been properly served.

(8) The receiver of the electronic mail confirms his or her identity with an electronic signature, reviews the contents of the electronic inbox and electronically signs the legal notice which is then returned to the competent entity, thus confirming the receipt of the electronic mail.

(9) If the legal notice that is being delivered electronically contains appendices that cannot be sent electronically due to technical reasons, within the notice, the competent entity shall inform the intended receiver, whose headquarters, permanent or temporary residence falls within the jurisdiction of the competent entity, that the rest of the materials can be obtained at

the competent entity within a period of three days, and if that is not done, it shall be considered as if all appendices have been delivered.

(10) Any deliveries of appendices referred to in paragraph 9 of this Article to receivers whose headquarters, permanent or temporary residence falls outside the jurisdiction of the competent entity, shall be made in one of the ways as provided for in Article 128, paragraph 1 of this Law.

Article 132

Service of process through a participant in the procedure, legal representative and proxy

(1) The summons for any persons who participate in the procedure may be handed over to a participant in the procedure who agrees to deliver them to the individuals to whom those are being addressed to, if the entity deems that their receipt is ensured in this manner.

(2) The persons referred to in paragraph 1 of this Article may be informed about the summons to a main hearing or other summons, as well as about the decision to postpone the main hearing or other scheduled actions, through a telegram, electronic mail or by telephone, if the circumstances indicate that such a notification shall be received by the appropriate person to whom it refers.

(3) The provisions of paragraphs 1 and 2 of this Article shall also refer to the defendant, if he or she explicitly agrees thereof on record before the court.

(4) An official note in the case file shall be drafted with regards to the summons and the delivery of the decision performed in a manner as prescribed in paragraphs 1, 2 and 3 of this Article.

(5) Any person served pursuant to paragraphs 1, 2 and 3 of this Article, i.e. any person to whom the legal notice has been addressed to, may suffer harmful consequences provided for omissions, only if it is established that the person received the summons i.e. the decision on time, and that he or she was advised of any omission consequences.

(6) The court shall be obliged, in the premises of the court at any working day, to provide all participants in the procedure, electronically or in any other manner, with an access to all records on scheduled hearings.

(7) If the injured party or the private plaintiff has a legal representative or a proxy, the delivery of the legal notice shall be made to the legal representative or the proxy, and if there are several, just to one of them.

Article 133

The victim's and the injured party's right to inspect files and exhibits

After the victim and the injured party have been heard, unless defined otherwise in this Law, the victim, the injured party and their legal representative shall have the right to inspect any files and exhibits that have been admitted as evidence during the procedure.

Chapter XIV
ENFORCEMENT OF DECISIONS

Article 134

Entering into effect and enforceability of decisions

(1) The verdict and the decision shall become effective when they cannot be further contested with an appeal or when an appeal is not allowed.

(2) The final and legally valid verdict shall be enforced when its delivery has been completed and when there are no legal impediments for its enforcement. If there is no notice of appeal or if the parties have given up the rights or withdrawn from the appeal, the verdict shall become enforceable after the deadline for an appeal has expired, i.e. from the day when the notice of appeal has been cancelled or withdrawn.

(3) If the court which has passed the verdict in the first instance is not competent for its enforcement, the court shall deliver, to the entity responsible for the enforcement, a certified copy of the verdict with a verification of its enforceability.

(4) If a junior officer in reserve, an officer or an army employee is convicted with a sentence, the court shall deliver a certified copy of the final and legally valid verdict to the entity that is competent for affairs in the field of defense.

(5) If not determined otherwise in this Law, the decisions shall be enforced after they have entered fully into force. The injunctions shall be enforced immediately, unless ordered otherwise by the entity that has issued the injunction.

(6) If not determined otherwise, the decisions and the injunctions shall be enforced by the entities which have enacted them. If the court has ruled on the criminal procedure expenses with a decision, the collection of those expenses shall be done according to the provisions of Article 135, paragraphs 1 and 2 of this Law.

Article 135

Enforcement of the verdict with respect to criminal procedure expenses, forfeiture of crime proceeds and legal and property claims

(1) The enforcement of the verdict with respect to the criminal procedure expenses, forfeiture of the crime proceeds and legal and property claims shall be done by the competent entity as prescribed by the law.

(2) The forcible collection of the criminal procedure expenses, in favor of the State Budget of the Republic of Macedonia shall be done ex officio. The expenses for the forcible collection shall be previously compensated from the State Budget of the Republic of Macedonia.

(3) If the verdict does not specify a certain deadline for the fulfillment of the obligation voluntarily, the obligation shall have to be fulfilled within 15 days of the day when the verdict entered into force. Following the expiry of this deadline, the verdict shall become enforceable in that part.

(4) The court that passed the judgment shall invite the person who has been ordered in the judgment to pay the criminal procedure expenses or crime proceeds have been forfeited from, after the judgment becomes enforceable, to present a proof of the timely fulfillment of the obligations.

(5) If the person referred to in paragraph 4 of this Article does not fulfill the obligation in the prescribed deadline, the court that passed the judgment shall deliver the judgment ex-officio, with a verification of its enforceability, to the competent enforcement entity as referred to in paragraph 1 of this Article.

(6) If money or other valuables have been temporarily seized from the person referred to in paragraph 4 of this Article and if they are kept by the court, the court secretary shall order that the receivables referred to in paragraph 1 of this Article be charged against these means. The amount shall be first used to pay for any legal and property claims, followed by any seized crime proceeds and then the expenses of the procedure. If the forfeited amount is not sufficient to cover all the receivables, the part that will remain unpaid shall be treated according to the provisions in paragraphs 1 to 5 of this Article.

(7) If a special measure of forfeiture of objects is imposed with the judgment, the court that passed the verdict in the first instance shall decide whether such objects shall be sold according to the provisions valid for the enforcement procedure or handed over to state entities, the crime museum or other institutions or they will be destroyed. Any proceeds from the sale of such objects shall go to the State Budget of the Republic of Macedonia.

(8) The provision from paragraph 7 of this Article shall also be applied accordingly when a decision for forfeiture of objects is brought on the basis of Article 529 of this Law.

(9) The object forfeiture decision that has entered into force, except in a procedure after an extraordinary legal remedy, may be changed with a dispute litigation decision, if there is a dispute regarding the ownership of forfeited objects.

Article 136

Suspicion regarding the permissibility of the enforcement

(1) If there is any suspicion regarding the permissibility of the enforcement of the court decision or calculation of the sentence, or if the final and legally valid verdict does not account for any time spent in detention or an earlier served sentence, or if the calculation was not done correctly, the Presiding Judge of the Trial Chamber in the first instance, i.e. the individual judge shall rule on that. Any appeal shall not prevent the enforcement of the decision, unless determined otherwise by the court.

(2) If there is any doubt regarding the interpretation of the court decision, the court that passed the final and legally valid decision shall rule on that.

Article 137
Copy of the legal and property claim decision

After the legal and property claim decision has entered into force, the injured party may ask the court that ruled in the first instance to issue a certified copy of the decision, specifying that the decision is enforceable.

Article 138
Enactment of regulations on criminal records

The Minister of Justice shall enact regulations on the establishment, manner of maintaining and safekeeping of the criminal records.

Chapter XV
PERSONAL DATA PROTECTION

Article 139
Personal data processing for the purpose of the criminal procedure

(1) Pursuant to this Law, the court, the prosecution office and all other entities with special authorities shall collect, process and keep personal data for purposes of the criminal procedure, taking care that the nature and quantity of data is appropriate to the needs in the specific case.
(2) The collections that contain personal data for purposes of the criminal procedure shall be established by law.
(3) The proclamation of the judgments in an electronic format may be done only on the Internet or another communication network, and there shall be no digital search possibility according to categories of personal data, categories of persons or according to individual personal data.
(4) Any published judicial verdicts in an electronic format on the Internet or another communication network shall be deleted after the expiry of the time period for deletion of the verdict in accordance with the provisions of the Criminal Code.

Article 140
Accuracy, change, deletion and preservation of personal data

(1) Any personal data which is not accurate or has been collected contrary to the law shall have to be immediately changed or deleted.
(2) The accuracy of data in the personal data collections shall be verified every five years, in a manner as defined by the law that established that particular collection.
(3) The time period for preservation and deletion of personal data in the collections shall be determined by the law that established that particular collection.

Article 141
Providing personal data to users

(1) Any personal data collected for the purposes of the criminal procedure may be used by state entities and other legal entities and persons, only if that is permitted by the law.
(2) The personal data referred to in paragraph 1 of this Article may be used in accordance with the law, in other criminal procedures, in a procedure of international cooperation in criminal matters and international police cooperation, and it may be used in other judicial proceedings, only if the case of the other judicial proceeding is directly related with the case of the specific criminal procedure.
(3) Any personal data collected exclusively on the basis of established identity, physical examination or molecular and genetic analysis, may be used after the completion of the criminal procedure, in accordance with the law, but only for the purpose of detection or prevention of crime.

Article 142

The right to be informed of the personal data entity

(1) If not prescribed otherwise by law, the public prosecution office or the court shall inform the personal data entity, upon request, whether his or her personal data was collected, processed or kept for purposes of the criminal procedure.

(2) The public prosecution office or the court may not inform the personal data entity referred to in paragraph 1 of this Article, prior to the expiry of one year from the day of enactment of the investigation order.

Article 143

Personal data processing oversight

(1) The Directorate for Personal Data Protection shall be responsible for the oversight of personal data processing and protection as established in this Law and other laws.

(2) If not established otherwise by this Law, the provisions from the regulations on the protection of personal data and other regulations shall be applicable accordingly with respect to the collection, processing and preservation of personal data for purposes of the criminal procedure.

SECTION D: PROCEDURAL MEASURES AND ACTIONS FOR ENSURING PRESENCE OF PERSONS AND EVIDENCE

Chapter XVI
MEASURES TO ENSURE THE PRESENCE OF PERSONS AND UNOBSTRUCTED CONDUCTION OF THE CRIMINAL PROCEDURE

1. Common provision

Article 144

Measures to ensure the presence of the defendant

(1) The measures that may be taken against the defendant in order to ensure the defendant's presence and an unobstructed conduction of the criminal procedure shall be the summons, precautionary measures, guarantee, bringing in, deprivation of liberty, holding, transient detention, house detention and detention.

(2) When deciding which of the above mentioned measures is to be applied, the competent entity shall adhere to the conditions established for the implementation of separate measures, making sure not to apply a more severe measure, if the same goal can be achieved with a more lenient. The court may simultaneously impose several of the measures referred to in paragraph 1 of this Article against the defendant, except when it imposes the detention measure.

(3) These measures shall be cancelled ex-officio when the legal conditions for the application of such measures seize to exist, i.e. shall be replaced with another measure when the conditions for that are met.

(4) When the defendant is not adhering to the prescribed measure for ensuring the presence, the court may prescribe another measure for ensuring the presence.

(5) The defendant shall have the right to inform his or her family or another close person about the eventual arrest, deprivation of liberty and holding.

2. Summons

Article 145

Content and delivery of the summons

(1) Any defendants and other persons who participate in the criminal procedure shall be invited by a summons. The summons shall be sent by the entity conducting the procedure.

(2) The invitation shall be made through a delivery of a closed written summons, which shall contain the following: the title of the summoning entity, the first name and surname of the person who is being summoned, the title of the criminal offense that the person is accused of, the location where the summoned person is supposed to come, the day and time when the person is supposed to come, indication of the capacity in which the person is invited and a warning that if the person fails to appear, he or she may be arrested, an official seal and

signature of the responsible person at the summoning entity i.e. of the competent court and the judge who issued the summons.

(3) If the defendant is summoned for the first time, he or she shall be advised in the summons on his or her right to a defense counsel and the fact that the defense counsel may be present during his or her examination.

(4) The person who has been summoned shall be obliged to immediately inform the summoning entity about any change of address, as well as of the intention to change the temporary or permanent place of residence. The summoned person shall be advised thereof during his or her initial examination, i.e. with the delivery of the prosecution application or personal legal action, and at the same time forewarned about the consequences determined in this Law.

(5) If the summoned person is not capable to respond to the invitation due to illness or other unavoidable inhibitions, the person may be examined at the location where he or she resides or transport may be provided for the person to the seat of the summoning entity or to another location where the action is being taken.

(6) If necessary, the court may order a physical examination or an expert's opinion in order to check the circumstances referred to in paragraph 5 of this Article.

3. Precautionary measures

Article 146

Types of precautionary measures

(1) For the purpose of fulfilling the goal referred to in Article 144, paragraph 1 of this Law, the court may impose some of the following precautionary measures:

1) prohibition to leave the temporary or permanent place of residence;
2) an obligation for the defendant to report occasionally to a certain official person or to the competent state authority;
3) temporary confiscation of a passport or another document for crossing of the state border, i.e. prohibition of their issuance;
4) temporary confiscation of a driver's license or a prohibition for issuing one;
5) prohibition to visit a certain location or area;
6) prohibition to approach or establish, that is maintain contacts or relations with certain persons; and
7) prohibition to undertake certain working activities that are linked to the criminal offense.

(2) The precautionary measures may last as long as there is a need for them, and until the judgment enters into full effect at the latest.

(3) The court, ex-officio, every two months shall review whether the precautionary measure needs to be extended and it may be canceled even before the deadline referred to in paragraph 2 of this article, if the need has seized to exist or if there are no more legal grounds for the precautionary measure.

(4) The precautionary measures shall not be used to limit the defendant's right of unobstructed communication with his or her defense counsel.

(5) During the investigation, upon proposal by the public prosecutor, it shall be the judge of the preliminary procedure who establishes the precautionary measures, and this shall be done by the court responsible for the procedure after the indictment has entered into legal force and until the enforceability of the judgment.

(6) The parties shall have a right to appeal against the decision for establishment or cancellation of precautionary measures within a period of three days. The Trial Chamber referred to in Article 25, paragraph 5 of this Law shall rule on the appeal for a decision brought by the judge of the preliminary procedure or an individual judge, and the appeal against a decision brought by the Trial Chamber shall be ruled on by the Chamber of the immediate higher court.

Article 147

Contents of the precautionary measures decision

(1) In the decision for the precautionary measure prohibition to leave the temporary or permanent residence, the court shall establish the location where the defendant has to reside during the duration of the measure, as well as the limits that he or she may not step over.

(2) In the decision for the precautionary measure whereby the defendant has to occasionally report to a specific person or competent state authority, the court shall specify the specific official person to whom the defendant has to report to, the deadline within he or she has to report and the manner of maintaining the records on the reporting.

(3) The court shall enact the decision for the precautionary measure of temporary confiscation of a travel or other document for crossing the state border, that is, prohibition for their issuance, if there is a danger that the person may flee. The decision shall indicate the data from the travel document. The seized travel document shall be kept at the body that retained it, and it shall be returned with the court's decision, as soon as the reasons for which it was requested no longer exist. The prohibition of issuing travel documents shall be cancelled with a decision by the court. Any appeal against the confiscation of travel documents or prohibition of their issuance shall not prevent the enforcement of the decision.

(4) In the decision for the precautionary measure of prohibition to visit a certain location or area, the court shall specify the location or the area not to be visited, as well as the minimum distance of approachability.

(5) In the decision for the precautionary measure of prohibition to approach or establish, that is maintain contacts or relations with certain persons, the court shall specify the distance, the location or the area, which the defendant is not allowed to approach, i.e. shall specify more detailed information on the person or persons with whom the defendant may not establish or maintain contacts or relations.

(6) In the decision for the precautionary measure of prohibition to undertake certain working activities that are linked to the criminal offense, the court shall specify the type and the object of those working activities in more detail.

Article 148
Delivery and enforcement of the decision

(1) The competent body shall deliver the precautionary measures decision also to the authority which is competent for its enforcement.

(2) The precautionary measures shall be enforced by the police.

(3) The precautionary measure whereby the defendant has an obligation to occasionally report to a certain official person or to the competent state authority shall be enforced by the police or another competent state authority to which the defendant is supposed to report to.

Article 149
Enforcement verification

(1) The court may, at any time, prompt a verification of its enforcement and ask for a report from the police or from another competent state authority, which enforces the measures. The report shall be immediately delivered to the court that enacted the precautionary measure.

(2) The competent state authority that enforces the measures shall immediately inform the court about any action on the part of the defendant against the bans or any outstanding obligations established with the precautionary measures.

(3) If any person violates the precautionary measures enacted against the defendant, with a separate decision, the competent entity shall put a ban on its activities. If the person acts contrary to the decision, the person shall be punished with a fine as referred to in Article 88, paragraph 1 of this Law.

4. Guarantee
Article 150
Establishing a guarantee

(1) Upon proposal by the parties, the court may impose a guarantee requirement against a person who is a subject of an investigation, if it believes that there is a grounded suspicion that the person committed a crime, and when there are:

1) circumstances that point to possible danger of fleeing; or
2) circumstances that justify the fear that the defendant may repeat or complete the criminal offense or commit the crime that he or she has been threatening with.

(2) The defendant may provide a guarantee for himself or herself, or another person may provide a guarantee for the defendant.

(3) The amount of the guarantee shall be determined by the court ex-officio, and it shall always be expressed in a monetary amount established with regards to the seriousness of the criminal offence, the personal and family situation of the defendant and the financial situation of the defendant.

(4) The guarantee consists of depositing cash, securities, valuables or other movable property of a larger value, which may be easily converted into cash or conserved, or a personal pledge of one or several citizens that if the defendant flees, repeats or completes the criminal offense or commits the crime that he or she has been threatening with, they will pay the established amount of the guarantee. As an exception, the guarantee may consist of a mortgage for the amount of the guarantee on certain real estate owned by the person who provides the guarantee, which can be easily converted to cash. Any guarantee in cash shall be deposited on a separate account of the court.

(5) When establishing the guarantee, the court may establish one or more precautionary measures in order to ensure the presence of the defendant.

Article 151
Changing the amount of the guarantee

The previously established amount of the guarantee may be changed in case of expansion of the investigative procedure, as well as if additional circumstances and facts are found out during the procedure with respect to the financial situation of the defendant, which would have an effect on the established amount of the guarantee.

Article 152
Cancellation and return of the guarantee

(1) The guarantee shall be returned to the person who provided it, if there is an acquittal, if the indictment is overruled or if the procedure has been terminated.

(2) If a prison sentence has been provided for in the judgment, the guarantee shall be cancelled only after the defendant has commenced serving his or her sentence.

(3) In cases as referred to in paragraphs 1 and 2 of this Article, any deposited funds or objects shall be returned and mortgages cancelled.

Article 153
Guarantee failure

(1) Any guarantee deposited shall fail and the defendant shall be placed in detention:
- if the defendant either does not show up although properly summoned or does not justify his absence;
- if the defendant flees; and
- if the defendant repeats or completes the criminal offense or commits the criminal offense that he or she has been threatening with;

(2) In cases as referred to in paragraph 1 of this Article, any guarantee deposited shall fail and a decision shall be brought for the provided guarantee to be charged as income to the State Budget of the Republic of Macedonia.

Article 154
Competent entity for the enactment of the guarantee decision

(1) The preliminary procedure judge shall enact the guarantee decision during the investigation procedure, and after the confirmation of the indictment or issuance of an indictment application, the guarantee decision shall be enacted by the Chamber as referred to in Article 25, paragraph 5 of this Law.

(2) The decision for the establishment of the guarantee and the decision for the cancellation of the guarantee shall be enacted upon proposal by the parties.

Article 155
Appealing the guarantee decision

The decision for establishment, cancellation or failure of the guarantee may be appealed before the immediate higher court.

Article 156
Proposing a guarantee with an appeal to the detention decision

If the defendant has filed a proposal for establishing a guarantee along with the appeal to the decision for detention, the court competent to rule on the appeal shall be also obliged to rule on the guarantee issue.

5. Bringing in
Article 157
Grounds and procedure for bringing in

(1) The court may issue an order for the defendant to be brought in if there are grounds for detention as referred to in Article 165 of this Law are met, if a detention decision is already enacted or if the defendant who has been properly summoned fails to appear, and does not justify his or her absence, or if it was not possible to provide for a proper service of process, and the circumstances obviously point to the fact that the defendant is avoiding to be served.
(2) The order for bringing in shall be enforced by the police.
(3) The order for bringing in shall be issued in a written form. The order shall contain the following: the first name and surname of the defendant who is to be brought in, the title of the criminal offense that he or she is accused of with an indication of the specific provision in the law, the grounds on which the bringing in is warranted for, an official seal and signature by the judge who orders the bringing in.
(4) The person who is charged with enforcing the order shall deliver the order to the defendant and ask the defendant to come with him or her. If the defendant refuses, he or she shall be brought in forcibly. Upon exception, if active resistance is to be expected, the defendant shall be brought in without prior delivery of the order as referred to in paragraph 1 of this Article.

6. Deprivation of liberty
Article 158
Grounds and procedure for deprivation of liberty without a court warrant

(1) Any person caught while committing a criminal offense (*in flagrante delicto*) that is prosecuted ex-officio may be deprived of liberty by anyone, if there is a danger of flight, thereupon informing the police immediately. The person deprived from liberty shall be kept until the arrival of the police, which has to be immediately informed thereof.
(2) The person shall be considered caught *in flagrante delicto* if he or she has been seen when committing the action of the crime, i.e. if the person has been caught immediately after committing the crime, under circumstances that indicate that the person committed a crime.
(3) Without a court warrant, the judicial police may also arrest a person if there are grounds for suspicion that he or she committed a crime that is prosecuted ex-officio, only if there is a danger of procrastination and if some of the conditions for detention are met as referred to in Article 165, paragraph 1 of this Law, but it shall be obliged immediately, and not later than 6 hours from the deprivation of liberty, to take the person before a competent judge of the preliminary procedure, and inform the public prosecutor thereof. The preliminary procedure judge shall be informed by the judicial police about the reasons and the time of the arrest, and a separate official note shall be drafted thereof. If an official note has not been drafted, the preliminary procedure judge shall put the provided notification on record.
(4) As soon as the person is deprived of his or her liberty, he or she shall be immediately informed about the reasons for the deprivation of liberty and advised of his or her rights as referred to in Article 69 of this Law, or as soon as the appropriate conditions for that are met.

7. Holding

Article 159

Grounds for holding and advising the person who is being held of his or her rights

(1) As an exception, the judicial police may hold the person who has been arrested pursuant to Article 158 of this Law, if it is necessary to hold the person for the purpose of establishing his or her identity, checking up an alibi or it is necessary, due to other reasons, to collect additional information that would be essential for the criminal procedure against that person.

(2) Any arrested person who is being held, shall be informed about the reasons for the arrest and hold up, as well as about the crime he or she is accused of, and the person shall be advised of his or her right to keep silent, the right to inform the family or another person of his or her choosing, the right to a defense counsel and medical examination. The person may ask for these rights to be observed immediately or at any time while he or she is being held.

Article 160

Taking the person who is being held before a custody officer

(1) Any arrested person who has been held, shall be brought before the custody officer at the specially designated police stations, within a period of 6 hours, who shall decide, with a separate written and elaborated decision, whether the person will be held under the conditions as referred to in Article 159, paragraph 1 of this Law, or released. Any delay in the procedure shall be separately explained.

(2) A separate registry on arrested persons shall be maintained within the IT system at the Ministry of Interior. The competent public prosecutor shall have regular insight and control of this registry. This registry can also be accessed by the Ombudsman of the Republic of Macedonia.

(3) Immediately after the reception of the arrested person, the custody officer shall notify the public prosecutor thereof. The notification shall be entered into the holdup registry.

(4) The custody officer shall also put on record the reception of any objects dispossessed from the person deprived of liberty. A copy of this record shall be delivered to the public prosecutor, to the arrested person and the arresting police officer.

(5) The custody officer shall order a search of the arrested person when he or she is brought to the police station or to another location assigned for holding, pursuant to Article 161, paragraph 4 of this Law. Any objects or traces that may serve as evidence or might endanger the safety of the person who has been arrested or any other person shall be temporarily seized and appropriate receipt issued.

(6) If necessary, a medical examination of the arrested person shall also be ordered. A medical examination shall always be ordered if the person complains of an injury, pain or illness. The custody officer shall be obliged to ask the person if he or she suffers from any disease and whether he or she is currently receiving any medical treatment or medications.

Article 161

Proceeding with persons in hold up

(1) Any person deprived of liberty may speak to an attorney in private at any time, day or night. If the arrested person does not have an attorney of his or her own or cannot establish contact, he or she may ask to see the list of available attorneys on call. The attorney may come and visit the arrested person at the police station at any time. During the period between 20.00 hours at night and 08.00 hours in the morning, the person shall have the right to get an attorney from the list of attorneys on call, composed by the Bar Chamber of the Republic of Macedonia. Any expenses for the attorney on call as a defense counsel during the hold up at night shall be covered by the State Budget of the Republic of Macedonia.

(2) Any person who is a foreign national shall have the right to contact the diplomatic or consular office of his or her country. The police shall assist the person to establish a contact with the diplomatic or consular office or with another representative with a diplomatic status who represents the interests of the person’s country.

(3) A person may be held for 24 hours at most, from the moment of the arrest, and within this time period, the person has to be brought before a competent judge. After the expiry of this time period, the person who has been held shall be released.

(4) The persons shall be held in specially organized police stations, or specially arranged facilities for that purpose at the Customs Administration of the Republic of Macedonia and the Financial Police, as determined by an act of the Minister of the Interior i.e. the Minister of Finance. The custody officer shall maintain a separate record for each person who is being held, which shall include data on the following: the day and time of the arrest; reasons for the arrest; reasons for the hold up; the time when the person was advised of his or her rights; signs of visible injuries; illness; mental disorder and alike; when was the contact established with the family, the attorney, a physician, diplomatic or consular office and alike; information about the time and persons who spoke to him or her; if the person has been transferred to another police station; if the person was released or taken to appear before a court and other important information. The arrested person shall sign the record that relates to the date and time of the arrest, the date and time of the release and the advice of the right to an attorney, as well as to the overall record. The custody officer shall be obliged to explain any missing signature by the arrested person. The person who has been held shall receive a copy of the record when he or she is released or handed over to the preliminary procedure judge. If the person has been transferred to another police station or another location assigned for hold up, a copy of the record shall be delivered to the custody officer at the new location.

(5) The Ombudsman of the Republic of Macedonia, the representatives from the European Committee on Prevention of Torture and Inhuman or Degrading Treatment or Punishment of the Council of Europe and the representatives from the Subcommittee on Prevention of Torture and Inhuman or Degrading Treatment or Punishment within the UN Committee on Prevention of Torture, shall have the right, without any authorization or approval, to visit any persons who are being held and talk to them without any supervision.

Article 162
Control of the legality of the deprivation of liberty

If the arrested person, i.e. the person in hold up has been taken before a preliminary procedure judge, the preliminary procedure judge, ex-officio, shall investigate the legality of the arrest, and he or she shall be obliged to rule on the legality with a separate decision (Article 69, paragraph 4 of this Law). Any arrested person, i.e. person who has been held, who has not been taken before a preliminary procedure judge, within 30 days of his or her release, may ask the preliminary procedure judge at the competent court to review the legality and rule on that issue in a separate decision. A separate appeal shall be allowed against this decision within a period of 48 hours, to the Chamber referred to in Article 25, paragraph 5 of this Law, which shall be obliged to rule on the issue within a period of three days at the latest.

8. House detention
Article 163
Establishing house detention

(1) If there is a grounded suspicion that a person has committed a crime and if the conditions for detention are met as referred to in Article 165, paragraph 1 of this Law, the court may establish the house detention measure, and order the person not to leave his or her home for a certain period of time.

(2) Upon exception, the court may allow the person who has been detained in his or her home, to leave the apartment or any other specified location for a certain time period:

1) if that is necessary for a medical treatment; or

2) if that is required by the special circumstances, which may result in harmful consequences for the life, health or property of that person or persons that are close to him or her.

(3) In the house detention decision, besides the prohibition to leave the house or any other specified location, the court may also include a prohibition on communication with other individuals or prohibition of the use of communication devices, i.e. an obligation to observe

the measures of video and electronic surveillance, or it may order the application of other measures, pursuant to Article 146 of this Law.

(4) If the person who has been placed in house detention leaves the house or another specified location, contrary to the court's prohibition, or if the person does not return to the house or another specified location within the prescribed time period, or does not observe the ban on communication with certain people or on the use of certain communication means, or avoids or impedes the implementation of measures of video and electronic surveillance, the person shall be placed in detention. The person shall be forewarned thereof in the house detention decision.

(5) The court shall perform the supervision of house detention, but it may also consign the supervision duty to the police, at the same time determining the manner of supervision.

(6) If not established otherwise in this Law, the provisions that are applicable to the measure of detention shall be applicable to house detention correspondingly.

9. Detention

Article 164

Establishing detention

(1) Detention may be imposed only under the conditions established in this Law.

(2) The duration of the detention shall have to be limited to the shortest time period necessary. If the defendant is kept in detention, all entities that participate in the criminal procedure and the entities that provide legal assistance shall be obliged to proceed with an utmost urgency.

(3) When ruling on detention, especially on its duration, special care shall be taken with regards to the proportionality between the severity of the crime, the sentence that could be expected according to the information available to the court and the necessity of the detention and its duration.

(4) Throughout the procedure, the detention shall be revoked as soon as the reasons for its establishment have seized to exist.

Article 165

Grounds for detention

(1) If there is a reasonable suspicion that a certain person committed a crime, and if detention is required for an unobstructed criminal procedure to take place, the person may be detained:

1) if the person is hiding, if his or her identity cannot be established, or if there are other circumstances that would indicate that the person might flee;
2) if there is a reasonable fear that the person will hide, manipulate or destroy any traces of the criminal offense, or if there are special circumstances that would indicate that he or she shall impede the criminal procedure by influencing witnesses, expert witnesses, accomplices or other persons who have been covering up the crime;
3) if special circumstances justify the fear that he or she might repeat the crime, or complete the attempted crime or commit the crime that he or she has been threatening with; or
4) if the defendant who has been properly summoned obviously tries to avoid appearing during the main hearing, or if the court has tried on two occasions to properly serve the defendant, whilst all the circumstances show that the defendant is obviously avoiding receiving the summon.

(2) In the event as referred to in item 1, paragraph 1 of this Article, any detention imposed just because of the inability to establish the person's identity shall last only until the identity of the person is established.

(3) In the event as referred to in item 2, paragraph 1 of this Article, the detention shall be revoked as soon as the evidence because of which the person has been detained is recovered.

(4) In the event as referred to in item 4, paragraph 1 of this Article, the detention shall last until the proclamation of the verdict, but not longer than 30 days.

(5) The person shall not be detained on the basis of item 2, paragraph 1 of this Article, if the defendant already gave a statement and pleaded guilty.

Article 166
Entity that rules on detention in the preliminary procedure

Detention during the preliminary procedure may be imposed by the court, upon a written and elaborated proposal by an authorized plaintiff, and only on the grounds listed in the proposal by the authorized plaintiff.

Article 167
Elements of the detention decision

(1) Detention shall be imposed with a written decision. The ruling on the detention decision shall contain the following:
   1) first name and surname of the person that is being deprived of liberty;
   2) the criminal offense that the person is accused of;
   3) information about the order for initiating an investigative procedure;
   4) the legal grounds for detention;
   5) the time period of the detention during the investigative procedure;
   6) provision on the computation of the time during which the person who is being detained has been deprived of liberty, prior to the enactment of the detention decision;
   7) the title of the institution where the detention measure is enforced; and
   8) advise of the right to appeal against the detention decision.

(2) The detention decision shall have to have the following as part of its rationale:
   1) all the facts and evidence that point to the reasonable suspicion that the defendant has committed the crime;
   2) elaborated reasons that justify each and every separate ground for detention;
   3) the reasons due to which the court believes that the detention goals cannot be achieved by any other measure for ensuring the presence of the defendant.

(3) The decision shall be certified with the official seal and the signature of the judge who has enacted the decision for detention.

(4) For justified reasons, the detention decision may specify that the person is to be detained in a detention unit in another penal or correctional facility.

(5) If the defendant has not chosen a defense counsel, along with the decision, the defendant shall be assigned a counsel ex-officio (Article 74, paragraphs 1, 2 and 6). If the President of the Court is unavailable, the counsel shall be assigned by the preliminary procedure judge.

Article 168
Appearing before a judge and assigning counsel

(1) The preliminary procedure judge shall hear both parties and the defense counsel regarding the circumstances that are important for the establishment of detention, and he or she shall immediately inform the arrested person who appears before him or her that the person can get a counsel who may be present during the person's examination and if necessary, the court shall assist him or her to find a defense counsel.

(2) If the arrested person states that he or she does not want to get a counsel, the preliminary procedure judge shall be obliged to examine him or her without any delay.

(3) In the event of a mandatory defense (Article 74, paragraphs 1 and 2), if the arrested person does not get a defense counsel within a period of 12 hours from the moment when he or she has been advised of that right or states that he or she does not want to get a counsel, one shall be assigned to him or her ex-officio.

(4) Immediately after the examination, the preliminary procedure judge shall decide whether the arrested person is to be detained or released.

Article 169
Delivery of the detention decision and the right to appeal

(1) The detention decision shall be delivered to the person that it refers to immediately, and not later than 6 hours from the hour when the person appeared before a preliminary procedure

judge. In the case file, one shall have to indicate the time when the person appeared before a preliminary procedure judge and the time when the decision has been delivered.

(2) The detainee may appeal against the detention decision to the Chamber referred to in Article 25, paragraph 5 from this Law, within a period of 24 hours, from the delivery of the decision. If the detained person is being examined for the first time after the expiry of this time period, he or she may announce the notice of appeal during that examination. The appeal, together with a copy of the examination record and transcript, if the detainee has been examined, and the detention decision shall be delivered to the Chamber immediately. The appeal shall not prevent the enforcement of the decision.

(3) Against the decision of the preliminary procedure judge with which the proposal for detention is rejected, an appeal is allowed to the Chamber as referred to in Article 25 paragraph 5 from this Law, within a time period of 24 hours. The appeal shall not prevent the enforcement of the decision. Against the decision of the chamber from Article 25 paragraph 5 of this Law, with which a detention has been determined, the defendant has the right to appeal in a time period of 24 hours, for which the Chamber of the higher court decides.

(4) In the events referred to in paragraphs 2 and 3 of this Article, the Chamber that decides upon the appeal is obligated to deliver a decision in a time period of 48 hours.

(5) The public prosecutor and the defense counsel may ask to be informed about the chamber sessions and to present and elaborate on their motions verbally during the session. Their non-appearance shall not prevent the session from being held.

Article 170
Transient detention

(1) Upon proposal from the public prosecutor, with a written and elaborated decision, the preliminary procedure judge may impose transient detention to the arrested person, up to 48 hours from the moment when the arrested person appeared before the preliminary procedure judge, if he or she believes that there is a grounded suspicion that the person committed the crime that he or she is accused of and that the conditions for detention as referred to in Article 165, paragraph 1, items 1, 2 and 3 of this Law have been met, if the public prosecutor has not yet issued an order for investigation against that person.

(2) Following the expiry of the 48 hours deadline, if the public prosecutor does not file a motion for detention as referred to in Article 165, paragraph 1, items 1, 2 and 3 of this Law, the defendant shall be released.

(3) In multiple defendant cases and other especially complex cases, upon an elaborated request by the public prosecutor, the preliminary procedure judge may extend the period referred to in paragraph 1 of this Article, but for not longer than additional 48 hours.

(4) The transient detention decision referred to in paragraph 1 of this Article shall be delivered to the person who is to be detained and to the competent public prosecutor.

(5) An appeal shall be allowed against the decision referred to in paragraph 1 of this Article, with a period of five hours from the delivery to the Chamber referred to in Article 25, paragraph 5 of this Law, which shall be obliged to rule on the appeal within a period of three hours.

Article 171
Duration of detention during the investigation

(1) Any detention established with a decision by the preliminary procedure judge or any detention that has been imposed for the first time during the investigation with a decision by the Chamber, shall last not more than 30 days from the moment when the person was arrested. Any deprivation of liberty shall be computed within the overall duration of the detention.

(2) Upon an elaborated motion by the public prosecutor, the Chamber referred to in Article 25, paragraph 5 of this Law, may additionally extend the detention during the investigation for another 60 days at most.

(3) If the investigation is conducted for a crime that entails a prison sentence of at least four years according to the law, upon an elaborated motion by the public prosecutor, the Chamber of the

immediate higher court, following the expiry of the period referred to in paragraph 2 of this Article, may extend the detention for another 90 days at most.

(4) The total duration of detention during the investigation, also counting the time while the person was deprived of liberty before the enactment of the detention decision, shall not exceed 180 days, and immediately after the expiry of that period the defendant shall be released immediately.

(5) Before an indictment application is made in the abbreviated procedure, the detention may last as long as it is necessary to conduct all investigation actions, but for not longer than eight days.

(6) An appeal to the immediate higher court, within a period of 48 hours, shall be allowed against the Chamber's decision to extend the detention. The appeal shall not prevent the enforcement of the decision.

Article 172
Duration of detention after the indictment has been approved

(1) After the indictment has been approved and prior to the completion of the main hearing, upon proposal by the parties, detention may be established, extended or revoked only with a decision by the Trial Chamber (Article 25, paragraph 1 or paragraph 5).

(2) After the indictment has entered into effect, the detention shall last for no more than:

1) one year for crimes that entail a prison sentence of up to 15 years;

2) two years for crimes that carry a life-time prison sentence.

(3) Upon proposal by the parties and ex-officio, following the expiry of thirty days after the last detention decision has entered into effect, the Chamber shall be obliged to inspect whether the reasons for detention still exist and enact a decision for extension or revocation of the detention.

(4) Any appeal against the decision referred to in paragraphs 1 and 3 of this Article shall not prevent the enforcement of the decision.

(5) A separate appeal against the chamber's decision to overrule the motion for detention or to revoke the detention shall not be allowed.

(6) If the defendant flees from detention, the detention periods referred to in this Article shall start to elapse anew.

Article 173
Detention revocation

(1) The detention shall be revoked with a decision and the defendant shall be released as soon as the court believes that some of the following conditions are met:

1) when the reasons for the detention or its extension no longer exist;

2) if any further detention would not be proportional to the seriousness of the crime committed;

3) when the same goal for which the detention has been established may be achieved with some other measure;

4) when the revocation of the detention has been proposed by the public prosecutor before the indictment has been raised;

5) if the charges against the defendant have been dropped or if the defendant is found guilty but not sentenced or if the defendant is only fined, or if the defendant has been issued a court warning or was sentenced to probation, or if the defendant has already served his or her sentence due to the time spent in detention, or if the indictment has been rejected, except in the case when it has been rejected due to incompetence of the court;

6) when the deadlines for the duration of the detention expire; or

7) when the detention is imposed according to item 2, paragraph 1 of Article 165, and the defendant pleaded guilty or after all the evidence that was used to impose the detention on those grounds has been collected, and by the end of the main hearing at the latest.

(2) An appeal against the decision referred to in paragraph 1 of this Article shall be allowed within 24 hours, to the Chamber referred to in Article 25, paragraph 5 of this Law, i.e. to the Chamber of the higher court, who shall be obliged to rule on the appeal within 48 hours.

(3) Any appeal shall delay the enforcement of the decision.

Article 174
Detention after the proclamation of the judgment

(1) When the verdict of the court includes a prison sentence for the defendant, the Trial Chamber may order for the person to be detained, if he or she is not in detention already.

(2) The Trial Chamber that leads the main hearing shall be competent to rule on any detention or revocation of detention, from the completion of the main hearing to the proclamation of the judgment, and the Chamber referred to in Article 25, paragraph 5 shall be competent from the moment of proclamation of the judgment, until it enters into full effect.

(3) The public prosecutor shall be heard before the enactment of the detention decision or the decision for revocation of detention in the cases as referred to in paragraphs 1 and 2 of this Article, if the procedure has been initiated upon his or her request.

(4) If the defendant is already detained, and the Chamber finds that the reasons for detention still exist, it shall enact a separate decision for extension of the detention. When detention is to be imposed or revoked, the Chamber shall also enact a separate decision. When deciding on detention, special attention is to be paid to the harmfulness of the consequences from the crime and the severity of the threat or real injury of the protected goods.

(5) Any detention that was imposed or extended pursuant to the provisions in this Article, may last until the person starts serving the sentence, i.e. until the verdict enters into full effect, but not longer than the duration of the prison sentence.

(6) When the court rules on a prison sentence, the defendant who is in detention, with a decision by the Presiding Judge of the Chamber may be referred to an institution to serve his or her sentence even before the verdict has entered into full effect, if the defendant desires so.

10. Treatment of detainees
Article 175
Informing the family

(1) Within a period of 24 hours from the moment when the person was detained, the court shall be obliged to inform the family of the detainee, unless the person opposes. The competent entity for social care shall be informed about the detention case, if it is necessary to take measures for the proper care of children or other family members that are being cared for by the detainee.

(2) If the detainee is a foreign national, within a period of 24 hours from the moment when the person was detained, the court shall be obliged to inform thereof the diplomatic or consular representative office of the country whose national has been detained.

Article 176
Respect for the person and his or her dignity

(1) While being in detention, the person and his or her dignity shall not be offended.

(2) The detainee shall only be subjected to limitations and constraints that are necessary to prevent any escape and agreements that might be harmful to the successful completion of the procedure.

(3) People of the same gender shall not be detained in the same room. As a rule, a single room shall not be shared by individuals who participated in the perpetration of the same crime, and by people who are serving their sentence together with people who are kept in detention. Whenever possible, individuals with prior criminal records shall not be accommodated in the same room with other individuals who have been deprived of their liberty, to avoid any possible negative influence they might have on them.

(4) Any detainee shall have the right to ask to be detained and kept in a separate individual room.

Article 177
Detainee's rights

(1) Detainees shall have the right to an eight hour continuous rest in any period of 24 hours. In addition, they shall be provided with an opportunity to exercise in an open space in the prison, for at least two hours a day.

(2) The detainees shall have the right to nutrition at their own expense, to wear their own clothes and use their own bed linen, to purchase books at their own expense, newspapers and other things that they might require, if that is not harmful for the successful completion of the procedure. Any decisions in this respect shall be enacted by the entity conducting the investigation.

(3) The detainee shall maintain the hygiene of the room where he or she is staying. If the detainee demands to work, the preliminary procedure judge, i.e. the Presiding Judge of the Chamber, in agreement with the prison administration, may allow the person to work within the boundaries of the prison, on tasks that correspond to his or hers psycho-physical capabilities, provided that it is not harmful to the procedure.

(4) The Minister of Justice shall prescribe the manner of reception and distribution of detainees in the prisons, as well as the work conditions for the detainees as referred to in paragraph 3 of this Article.

Article 178
Visiting detainees

(1) Upon approval by the preliminary procedure judge during the investigation and under his or her supervision or under the supervision of a person assigned by him or her, the detainee, within the limits of the house rules, shall be visited by close relatives, and upon his or her request by a physician and other persons.

(2) Following the approval by the preliminary procedure judge who conducts the investigation, heads of diplomatic and consular representative offices in the Republic of Macedonia shall have the right to visit and talk without any supervision with the detainees, who are nationals of their own country. The approval for such a visit shall be requested through the Ministry of Justice.

(3) The Ombudsman of the Republic of Macedonia, representatives from the European Committee on Prevention of Torture and Inhuman or Degrading Treatment or Punishment of the Council of Europe, the representatives from the Subcommittee on Prevention of Torture and Inhuman or Degrading Treatment or Punishment within the UN Committee on Prevention of Torture, hall have the right, without any authorization or approval, to visit detainees and to talk to them without any supervision.

(4) Following the approval by the preliminary procedure judge, the representatives of the International Committee of the Red Cross shall have the right to visit detainees and to talk to them without any supervision.

(5) Any detainee may correspond with persons outside the prison, with knowledge and under supervision of the entity that conducts the investigation. This entity may prohibit sending and receiving letters and other shipments that might be harmful to the procedure. Posting a petition, complaint or an appeal shall never be prohibited.

(6) After an indictment or a personal legal action has been filed and until the verdict enters into full effect, the authority referred to in paragraphs 1 and 2 of this Article shall belong to the Presiding Judge of the Trial Chamber.

Article 179
Disciplinary liability of the detainee

(1) In the event of any violation of the discipline by the detainee, the preliminary procedure judge, i.e. the Presiding Judge of the Chamber may order the disciplinary penalty of limiting visitation rights. This limitation shall not affect the communication between the detainee and his or her defense counsel.

(2) An appeal to the Chamber in accordance with Article 25, paragraph 5 against the penalty decision brought according to paragraph 1 of this Article shall be allowed within a period of 24 hours from the time of receipt of the decision. Any appeal shall not prevent the enforcement of the decision.

Article 180
Detainee supervision

(1) The supervision of the detainees shall be performed by the president of the competent first instance court.

(2) The President of the Court referred to in paragraph 1 of this Article or the judge assigned by him or her shall be obliged to visit the detainees at least once a week, in the absence of the chief warden and other wardens, and if he or she feels it is necessary, to inform on the food the detainees are getting, the care for their other needs and their treatment. The President, i.e. the judge that he or she assigned, shall be obliged to undertake any necessary measures in order to eliminate any irregularities noted during the prison visit. The assigned judge shall not be the judge of the preliminary procedure.

(3) The President of the Court, the preliminary procedure judge and the Ombudsman of the Republic of Macedonia may visit the detainees at any time; they may talk to them without the presence of other official persons and hear their complaints.

Chapter XVII
MEASURES FOR LOCATING AND SAFEGUARDING PERSONS AND OBJECTS

1. Search

Article 181
Concept

(1) A search shall be the action of investigation of facilities, persons or objects under conditions and in a manner as prescribed by a law.

(2) Any search of a home and a search of a computer shall be ordered by the court with a written and elaborated warrant, upon request by the public prosecutor and if there is a danger of procrastination, upon request by the judicial police.

Article 182
Grounds for a search

(1) A search of a home or other premises owned by the defendant and by other persons may be conducted if it is likely to apprehend the defendant who is wanted, or to find traces of the criminal offense or objects that are important to the criminal procedure.

(2) A search of an attorney's office shall be conducted only as part of a procedure against him or her, limited to a case, files or documents that have been specifically identified in the search warrant.

(3) A search of a person may be conducted if it is likely to find traces or objects in their possession that are important to the criminal procedure.

Article 183
Search of a home

(1) A search of a home shall mean searching one or more rooms that the person is using as a residence and premises that are functionally linked to the home and have the same purpose of use.

(2) A search of a home and other premises shall include the search of movable property of the person that was found in the home and the other premises, if so indicated in the search warrant or if the conditions for a search without a warrant are met in respect of the person found at the scene.

Article 184
Search of a computer system and computer data

(1) Upon request by the person who executes the warrant, the person who uses the computer or has access to it or to another device or data carrier, shall be obliged to provide access to them and give all necessary information required for unobstructed fulfillment of the goals of the search.

(2) Upon request by the person who executes the warrant, the person who uses the computer or has access to it or to another device or data carrier, shall be obliged to immediately take all necessary measures required to prevent the destruction or change of the data.

(3) Any person who uses the computer or has access to it or to another device or data carrier, who fails to proceed pursuant to paragraphs 1 and 2 of this Article, without any justified reasons, shall be punished by the preliminary procedure judge, in accordance with the provisions of Article 88, paragraph 1 of this Law.

Article 185
Search of a person

(1) A search of a person shall include a search of the person's clothes, shoes, body surface, movable items that the person carries or disposes of, the space where the person has been found at the time of the execution of the search warrant and any transport means that are being used at the time of the search.
(2) The search shall be conducted by a person of the same gender, unless that is not possible due to the circumstances. The circumstances due to which the search has been conducted by a person of another gender shall be put in the search records.
(3) A search that would include taking off parts of the clothing shall always be conducted by a person of the same gender.
(4) Any search of intimate parts of the body or body orifices shall always require an explicit approval by the court. Intimate searches shall be conducted by medical personnel.

Article 186
Request for the issuance of a search warrant

(1) The request for the issuance of a search warrant shall be filed in a verbal or written form. If the request is filed in a written form, it shall have to be compiled, signed and certified in a manner as prescribed in paragraph 2 of this Article.
(2) The request for the issuance of a search warrant shall have to contain the following:
- title of the court, as well as the name and position of the person who has filed the request;
- facts that point to the probability of finding the person, i.e. traces and objects as referred to in Article 182, paragraph 1 of this Law at the indicated or described location or on a certain person; and
- a request for the court to issue a search warrant for the purpose of finding a person or seizure of objects.

Article 187
Verbal request for the issuance of a search warrant

(1) The request for the issuance of a search warrant may be filed in a verbal form when there is a danger of procrastination. The verbal request may also be given to the preliminary judge over the telephone, radio communication or through other means of electronic communication.
(2) If a verbal request for the issuance of a search warrant has been filed, the preliminary procedure judge shall be obliged to note any further conversation. In the event when an audio recording or stenographer notes are used, the preliminary procedure judge shall be obliged to provide the record to be copied, to certify that the copy is identical and to deliver the original record and the copy to the court within a period of 24 hours from the issuance of the search warrant. In the event of a word for word transcript of the conversation, the preliminary procedure judge shall sign the copy of the record and deliver it to the court within a period of 24 hours from the issuance of the search warrant.

Article 188
Ruling on the request for issuance of a search warrant

The preliminary procedure judge shall rule on the request for issuance of a search warrant immediately, and within a period of 12 hours from the receipt of the request at the latest.

Article 189
Content of the search warrant

The search warrant shall contain the following:
- title of the court that issued the warrant;

- if the search warrant is issued on the basis of a verbal request, this shall be specified, along with the indication of the preliminary procedure judge who issues the warrant and the time and place of issuance;
- the entity that the warrant refers to;
- the purpose of the search;
- first name and surname, and if needed, a description of the person who is to be found, or description of the objects that are to be found during the search;
- indication or a description of the location to be searched or the person who is to be found, by specifying the address, information on the owner i.e. the holder of the object or the home and the other premises and other information that is important for the establishment of the identity;
- an instruction that the warrant is to be executed between 05.00 and 21.00 hours or an authorization that the warrant may be executed at any time if that is explicitly determined by the court;
- authorization of the warrant executor saying that he or she may enter the facilities that are to be searched without giving the order, if that is explicitly determined by the court;
- an instruction that the search warrant and any seized objects are to be taken to the court without any delay;
- an advise that the defendant has a right to inform his or her defense counsel and that the search may be conducted without the presence of the defense counsel if so required by some extraordinary circumstances; and
- a signature of the preliminary procedure judge who issues the search warrant and an official seal of the court.

Article 190
Time of execution of the warrant

(1) The search warrant shall have to be executed within a period of 15 days from the day when it was issued, and after the expiry of that period it shall be returned to the issuing entity without any delay, who shall cancel it.

(2) The search warrant may be executed any day of the week.

(3) The search shall be conducted during daytime. The search may continue during night time also, if it was commenced during daytime and it was not completed. In exceptional cases, the search may be conducted during night time if there is a danger of procrastination.

Article 191
Search rules

(1) Before the commencement of the search, the executor of the warrant shall have to identify himself or herself and hand over the search warrant to the person who is being searched or at whose place the search is being conducted. Prior to the search, the person that the search warrant refers to shall be invited to voluntarily deliver the person, i.e. the objects that are being looked after.

(2) The person shall be advised of his or her right to a defense counsel, who may be present during the search. Whenever the person that the search warrant refers to asks for the presence of a defense counsel, the commencement of the search shall be delayed until he or she arrives, but for not longer than two hours. If it is likely that the chosen defense counsel cannot arrive within that period, the person shall be provided with an opportunity to choose a defense counsel from the list of public defenders on call. If the person does not get a defense counsel, or if the defense counsel who has been called does not arrive within the prescribed deadline, the search may be conducted in the absence of a defense counsel.

(3) When executing a search warrant that provides a search of a home or other premises that are obviously deserted, the executor of the warrant shall not be obliged to inform anybody about the reasons for the search, and he or she may immediately enter the home or other premises if those are empty, or if he or she justifiably believes that they are empty, or if he or she is explicitly authorized with the warrant to enter without any prior notice.

(4) One may proceed with the search without prior delivery of the warrant, without a previous invitation for handing over a person or objects and without an advice on the right to a defense counsel:
- if an armed or physical resistance is expected;
- if it is necessary, due to a suspicion of a serious criminal offense, committed by a group, organization or a criminal enterprise, for the search to be executed suddenly;
- if the search is supposed to be conducted in a public facility; and
- if there is a threat of possible destruction or cover up of any traces of the crime or objects that are important to the criminal procedure.

(5) The person who governs the home or the other premises shall be invited to be present during the search, and if he or she is absent, one shall invite his representative or some of the adult family members or neighbors. If the person at whose place the search is to be conducted is not present, the warrant shall be left in the room that is being searched, and the search shall be conducted in his or her absence.

(6) If the search is conducted in the premises of state entities, institutions with public authorizations or legal persons, their superior shall be called to attend the search.

(7) If the search is conducted in a military facility, the written search warrant shall be delivered to the military authorities, and they shall assign a military officer who is going to be present during the search.

(8) If the search is conducted in an attorney's office in the absence of the attorney that the office belongs to, a representative of the Bar Chamber shall be invited, or if that is not possible, another attorney. If the attorney who was called does not arrive within a period of three hours from the moment when he or she was summoned, the search may be conducted in his or her absence.

(9) Any locked rooms, furniture or other objects shall be opened by force, only if their holder is not present or if he or she is not willing to open them up voluntarily. Any unnecessary damage shall be avoided during the opening.

(10) Any search of a home, other premises or a person shall be conducted with due care, respecting the dignity of the person and the right to intimacy and without any unnecessary disruptions to the domestic order.

(11) During the search, only the objects and documents that are related to the goal of the search in the specific case shall be temporarily seized.

(12) If, during the search, objects are found that have nothing to do with the criminal offense, due to which the search has been ordered, but indicate to another criminal offense that is prosecuted ex-officio, they will be temporarily seized, and a receipt for the seized items shall be issued immediately, and the public prosecutor informed at once, in order to initiate a criminal procedure. If the public prosecutor finds no grounds for the initiation of a criminal procedure, and there is no other legal basis according to which the items are to be seized, they shall be returned immediately.

Article 192
Search protocol

(1) A protocol shall be compiled for every search. The protocol shall be signed by the executor of the warrant who conducts the search, the person who is being searched or whose place is being searched and the persons whose presence is obligatory. The course and the manner of the search may be recorded with a visual and audio recording device, with a special attention paid to any places where certain individuals or objects have been found. The search location and its separate parts, as well as the persons and objects found during the search may be photographed. Any audio and video recordings and the photographs shall be annexed to the protocol and they may be used as evidence.

(2) The objects and the documents that have been seized shall be entered and precisely described in the search protocol, and the same shall be done in the receipt for the seized items, which shall be issued immediately to the person that the items, i.e. documents have been seized from.

Article 193
Entering a home based on a consent or an arrest warrant

(1) One may enter a home or other premises without a search warrant:

- if the holder of the home or the other premises agrees with it;
- if a person is to be found there, who is to be detained or forcibly brought in upon an order from the court;
- for the purpose of an arrest of a perpetrator who was caught in the act while committing a crime that is prosecuted ex-officio; or
- at a location where a criminal offense has been committed, for the purpose of a crime scene investigation.

(2) In cases as referred to in paragraph 1 of this Article, a search protocol shall not be compiled, but a receipt shall be issued to the holder of the home immediately, indicating the reasons for the entry into the home or the other premises and any comments by the holder of the home or the other premises shall be recorded. If a search was also conducted in the home or in the other premises, a protocol shall be then compiled in accordance with Article 192 of this Law, which shall have to contain the reasons for the search without a warrant.

(3) When a search has been conducted without a search warrant, the executor of the search shall be obliged to immediately inform the public prosecutor thereof.

2. Temporary safeguarding and seizure of objects or property

Article 194

Order for temporary seizure of objects

(1) Any objects which are to be seized in accordance with the Criminal Code or which may serve as evidence in the criminal procedure shall be temporarily seized and handed to the public prosecutor or to the body determined in a special law or their safekeeping shall be ensured in another manner.

(2) The order for temporary seizure of objects shall be issued by the court, upon proposal by the judicial police or the public prosecutor.

(3) The order for temporary seizure of objects shall contain the following: title of the court, legal grounds for temporary seizure of objects, determination and accurate description of the objects that are to be temporarily seized, name and surname of the person from whom the objects are to be temporarily seized, place at which, i.e. where the objects are to be temporarily seized, deadline within which they are to be seized and advice on possible legal remedies.

Article 195

Rules for temporary seizure of objects

(1) Any person keeping objects as referred to in Article 194, paragraph 1 of this Law, shall have the duty of turning them in. The judge of the preliminary procedure, upon receiving an elaborated proposal by the public prosecutor, shall fine the person who refuses to turn in the objects with a fine as referred to in the provisions of Article 88, paragraph 1 of this Law, and if the person continues to refuse to turn in the objects, he or she will be punished as provided for in Article 88, paragraph 7 of this Law. The Trial Chamber in accordance with Article 25, paragraph 5 shall rule on the appeal against the decision whereby a fine has been imposed. The appeal shall not prevent the enforcement of the decision. The same procedure shall apply for an official or responsible person in a state authority, institution with public authorizations or a legal person.

(2) When seizing objects, it shall be stated where they were found and they shall be described, and if necessary, their identity shall be established otherwise. A receipt shall be issued for the seized objects.

(3) The punishments referred to in paragraph 1 of this Article may not be applied to the suspect.

(4) Any seized narcotic drugs, psychotropic substances, precursors and other objects whose circulation is banned or restricted, and are not retained as forensic samples, may be destroyed with a decision issued by the competent court, even before the judgment enters into full legal effect.

Article 196

Temporary seizure of objects without an order

(1) The objects referred to in Article 194, paragraph 1 of this Law may be temporarily seized without a court warrant if there is a danger of procrastination and if there are reasonable grounds to suspect that those objects are related to the criminal offense. If the person being searched explicitly

opposes the seizure of objects, the public prosecutor, within 72 hours as of the conducted search, shall submit a request to the preliminary procedure judge for an approval for subsequent seizure of objects.
(2) If the preliminary procedure judge overrules the request of the public prosecutor, the seized objects may not be used as evidence in the criminal procedure. Any temporarily seized objects shall immediately be returned to the person from whom they were seized.

Article 197
Objects which may not be seized

(1) The following items may not be seized by means of a court order:
1) files and other documents of state authorities, the publication of which would violate the keeping of a state or military secret, as long as the competent body decides otherwise;
2) written letters of the defendant addressed to his counsel or the persons referred to in Article 215, paragraph 1 of this Law, unless the defendant turns them in voluntarily;
3) technical recordings located with the persons referred to in Article 214, paragraph 1 of this Law, which they made on facts in regards to which they have been relieved from the duty to testify;
4) memos, registry extracts and similar documents located with the persons referred to in Article 214, paragraph 1 of this Law, which they drafted on facts of which they learnt from the defendant throughout the performance of their profession; and
5) memos on facts made by journalists and their editors in the public information media from the source of reporting and the data of which they learnt throughout the performance of their profession and which have been using during the editing of the public media, which are under their governance or the governance of the news desk they work for.
(2) The ban referred to in paragraph 1 of this Article shall not apply in the following cases:
1) with regards to the counsel or the person exempted from the obligation to testify pursuant to Article 214, paragraph 1 of this Law, if there are reasons to suspect that they have been assisting the defendant in the commission of the crime or thereafter or they acted to cover up the crime; or
2) if it concerns objects that have to be seized according to the Criminal Code.
(3) The ban on temporary seizure of objects, documents and technical recordings referred to in paragraph 1 of this Article, shall also not apply to crimes committed at the detriment of children and minors.

Article 198
Temporary seizure of computer data

(1) The provisions of Article 194, paragraph 1, Article 195, paragraph 1 and Article 197 of this Law shall also apply to any data stored on a computer and similar devices for automatic, i.e. electronic data processing, devices used for collection and transfer of data, data carriers and subscriber information at the disposal of the service provider. Upon a written request by the public prosecutor, this data shall have to be delivered to the public prosecutor within the deadline determined by him or her. If the provisioning thereof is refused, it shall be acted pursuant to Article 196, paragraph 1 of this Law.
(2) The judge of the preliminary procedure, upon proposal by the public prosecutor, by means of a decision, may impose the safeguarding and storing of all computer data as referred to in Article 185 of this Law, for as long as necessary, but for no more than 6 months. Upon the expiry of this period, the data shall be returned, unless: they have been involved in the committing of the criminal offence of Damage and unauthorized access to a computer system as referred to in Article 251, Computer fraud from Article 251-b and Computer forgery from Article 379-a, all of them stipulated in the Criminal Code; they have been involved in the commission of another computer-assisted crime; and unless they are to be used as evidence for a crime.
(3) The person using the computer and the person providing the service shall be entitled to file an appeal, within 24 hours, against the decision of the judge of the preliminary procedure imposing the measures referred to in paragraph 2 of this Article. The Trial Chamber referred to in Article 25, paragraph 5 shall rule on the appeal. The appeal shall not prevent the enforcement of the decision.

Article 199
Temporary seizure of letters, telegrams and other dispatches

(1) Letters, telegrams and other shipments addressed to the defendant may be temporarily seized, or the ones the he or she sends and are found with the legal persons in the area of postal, telegraphic and other traffic, if there are circumstances due to which it may be reasonably expected that they would be used as evidence during the procedure.
(2) The order for temporary seizure of the shipments referred to in paragraph 1 of this Article shall be issued by the preliminary procedure judge, upon proposal by the public prosecutor.
(3) An order for temporary seizure of shipments may also be issued by the public prosecutor if there is danger of procrastination, whereas this order has to be confirmed by the judge of the preliminary procedure, within 72 hours, from the temporary seizure of the dispatches.
(4) If the order is not confirmed within the meaning of paragraph 3 of this Article, these dispatches may not be used as evidence in the criminal procedure.
(5) The order referred to in paragraph 2 of this Article shall contain the following:
- information on the person that the order refers to;
- the manner of execution of the order and duration of the measure; and
- the legal person that is to execute the order.
(6) The undertaken measures may last for 3 months at the most, whereas the judge of the preliminary procedure, upon an elaborated proposal by the public prosecutor, may extend their duration for 3 more months, whereas the undertaken measures shall be revoked as soon as the reasons for their further enforcement cease to exist.
(7) The shipments shall be opened by the public prosecutor in the presence of two witnesses. During the opening, attention shall be paid for the seals not to be damaged, and to preserve the envelopes and the address. A separate record shall be compiled on the opening.
(8) If the interests of the procedure allow it, the person against whom these measures have been undertaken may be informed of the undertaken measures referred to in paragraph 1 of this Article.
(9) If the interests of the procedure allow it, the contents of the shipment may be fully or partially disclosed to the person to whom it was addressed, and the dispatch or a part thereof may be also handed over to the person. If this person is absent, the dispatch shall be announced or handed over to some of his or her relatives, and if there are no relatives, it shall be returned to the sender, unless this is contrary to the interests of the procedure.
(10) The measures undertaken in accordance with this Article shall not be applicable to letters, telegrams and other shipments exchanged between the defendant and his or her defense counsel.

Article 200
Handling information constituting a bank secret, property in a bank safe-deposit box, monitoring of payment operations and accounts transactions and temporary suspension of the performance of certain financial transactions

(1) If there is a grounded suspicion that a certain person receives, holds, transfers or otherwise manages crime proceeds on his or her bank account, and if the proceeds are important for the investigative procedure of that crime, or it is subject to forcible seizure according to the law, the court, upon an elaborated request by the public prosecutor, may issue a decision ordering the bank or other financial institutions to supply all documentation and data on the bank accounts and other financial transactions and dealings of that person, as well as for persons for which there is a grounded suspicion that they are involved in those financial transactions or dealings of the suspect, if such information may be used as evidence during the criminal procedure.
(2) The request of the public prosecutor shall refer to information on natural or legal persons, and to all crime proceeds that he or she receives, holds, transfers or otherwise manages.
(3) If the person as referred to in Article 1 holds in a bank safe-deposit box or otherwise manages crime proceeds, and if the crime proceeds are important for the investigative procedure of that crime or is subject to forcible seizure according to the law, the court, upon an elaborated request by the public prosecutor, may issue a decision instructing the bank to enable access to the public prosecutor to the safe-deposit box.
(4) The decisions referred to in paragraphs 1 and 3 of this Article shall also contain the deadline within which the bank or another financial institution must act upon them.
(5) Before the beginning and in the course of the investigative procedure, the ruling on the request by the public prosecutor as referred to in paragraphs 1 and 3 of this Article, shall be rendered

by the judge of the preliminary procedure, and after the indictment has been raised, by the court which shall hold the hearing. The preliminary procedure judge shall decide upon the request by the public prosecutor immediately, and no later than within 12 hours from the receipt of the request. If the preliminary procedure judge overrules the request by the public prosecutor, without any delay, he or she shall ask for a decision to be brought by the Trial Chamber referred to in Article 25, paragraph 5 of this Law. The Trial Chamber shall render a decision within 24 from the receipt of the request.

(6) If circumstances as referred to in paragraph 1 of this Article exist, the preliminary procedure judge, upon an elaborated proposal by the public prosecutor, may instruct the bank or another financial institution with a decision, to monitor the payment operations and the transactions in the accounts of a certain person and regularly inform the public prosecutor during the time period defined in the decision.

(7) Upon an elaborated proposal by the public prosecutor, with a decision, the court may instruct a financial institution or a legal person to temporarily stop the performance of a certain financial transaction or dealing, whilst temporarily seizing the property.

(8) In emergencies, the public prosecutor may impose the measures as referred to in paragraphs 1, 3, 6 and 7 of this Article without a court order. The public prosecutor shall immediately inform the preliminary procedure judge about the undertaken measures, who shall be obliged to issue the order within 72 hours. If the preliminary procedure judge does not issue an order, the public prosecutor shall return the data without previously opening them.

Article 201

Inventory of temporarily seized records, documents and technical recordings

(1) If temporary seizure of records or documents which may serve as evidence is carried out, they shall be inventoried. If that is not possible, the records shall be put in a file and sealed. The owner of the records or documents may also put his seal on the file.

(2) The file shall be opened by the public prosecutor. In the course of examining the records and the documents, attention shall have to be paid that unauthorized persons do not have access to their contents. A protocol shall be compiled on the opening of the file.

(3) The person from whom the records or documents have been seized shall be summoned to attend the opening of the file. If he or she does not reply to the summons or is absent, the file shall be opened; the records or documents shall be examined and catalogued in his absence.

(4) Unless prescribed otherwise by this Law, the method prescribed in paragraphs 1, 2 and 3 of this Article, shall also be applied in cases of temporary seizure of technical recordings, which may be used as evidence.

Article 202

Temporary seizure of property or objects for their safeguarding

(1) At any time in the course of the proceedings, the court may render, upon request by the public prosecutor, a temporary measure of seizure of property or objects which should be seized according to the Criminal Code, a measure for confiscation or another necessary temporary measure in order to prevent the use, transfer or managing of that property or objects.

(2) The request by the public prosecutor referred to in paragraph 1 of this Article shall contain the following:

- a short description of the criminal offence and its legal designation;
- description of the property or objects which originate from a committed crime;
- information on the person who owns that property or objects;
- evidence on which the suspicion that the property or the objects originate from a criminal offense is based, and
- reasons for the probability that the seizure of property or object shall be made especially difficult or impossible until the end of the criminal proceedings.

(3) Before the beginning and during the preliminary procedure, the preliminary procedure judge shall rule on the request by the public prosecutor as referred to in paragraph 1 of this Article, and after the indictment has been raised, by the Court that is going to hold the hearing. The preliminary procedure judge shall rule immediately on the request by the public prosecutor, and no later than within 12 hours from the receipt of the request. If the preliminary procedure judge does not accept the

request by the public prosecutor, he or she shall ask the Trial Chamber referred to in Article 25, paragraph 5 to render a decision without any delay. The Trial Chamber shall render a decision within 24 from the receipt of the request.

(4) In the decision on the measures referred to in paragraph 1 of this Article, the court shall designate the value and the type of property, or object, and the time period for which it is seized.

(5) An appeal may be filed within 24 hours against the decision of the preliminary procedure judge, establishing the measures referred to in paragraph 1 of this Article. The Trial Chamber referred to Article 25, paragraph 5 shall rule on the appeal. The appeal shall not prevent the enforcement of the decision.

(6) If there is danger of procrastination, the members of the Judicial Police may temporarily seize property or objects as referred to in paragraph 1 of this Article, confiscate them or take other necessary temporary measures in order to prevent any use, transfer and managing thereof. The public prosecutor shall have to be immediately informed on the measures taken, and the measures must be approved by the preliminary procedure judge within 72 hours from the moment of their implementation.

(7) If the preliminary procedure judge does not give an approval, the undertaken measures referred to in paragraph 6 of this Article shall be stopped, and any temporarily seized property or objects shall be immediately returned to the person they were seized from.

(8) The measures referred to in paragraph 1 of this Article may last until the completion of the criminal proceedings before the first instance court at the latest.

(9) If the measures referred to in paragraph 1 of this Article are established during the preliminary procedure, they shall be cancelled ex-officio if the investigative procedure does not begin within 3 months from the day when the decision establishing them was rendered.

(10) Before the expiration of the deadlines referred to in paragraph 9 of this Article, the measures may be cancelled ex-officio by the Court or upon request by the public prosecutor, i.e. by any interested person, if it becomes evident that they are not necessary or justified in view of the severity of the crime, the financial circumstances of the person they refer to or the circumstances of the persons, whom this person is obliged by law to support and the circumstances pointing to the fact that the seizure of property or objects shall not be precluded or made especially difficult prior to the completion of the criminal proceedings.

(11) All the actions upon the property and the objects that are subject of safekeeping, and that have been undertaken upon submitting the request from paragraph 1 of this article, are of no value.

(12) The request from paragraph 1 of this article and the decision for issuing the measures prescribed in paragraph 1 of this article, will be send without a delay in an electronic format to all the bodies that are competent for documenting the property and the objects, whose safekeeping was requested and was approved.

Article 203
Returning temporarily seized objects

Any objects that have been temporarily seized during the criminal procedure shall be returned to the owner, i.e. the holder, if the procedure is stopped and there are no reasons for their seizure (Article 529).

Article 204
Handling suspicious objects

(1) If a foreign object is found with the defendant and it is not known to whom it belongs, the entity conducting the procedure shall describe this object and the description shall be posted on the board at the entity of the municipality in whose area he or she resides and where the criminal offense was committed. In the announcement, the owner of the object shall be called upon to report to the entity conducting the procedure within one year from the day of the announcement, or the object shall be sold. Any money received from the sale of the object shall be transferred to the State Budget of the Republic of Macedonia.

(2) If the objects are of a larger value, the announcement may also be published in the daily newspapers.

(3) If the object is susceptible to spoiling or if it's keeping results in significant expenses, it shall be sold according to the provisions valid for the enforcement procedure and the money shall be kept as a court deposit.
(4) The provision of paragraph 3 of this Article shall also apply when the object belongs to a fugitive or an unknown perpetrator of a criminal offense.
(5) If nobody claims the object or the money received from the sale of an object within a period of one year, a decision shall be rendered whereby the object shall become property of the state, i.e. the money shall be transferred to the State Budget of the Republic of Macedonia.
(6) The owner of the object shall be entitled to request that the object or the money from the sale of the object be returned through dispute litigation. The statute of limitation on this right shall start to apply as of the day of the publication of the announcement.

Chapter XVIII

MEANS OF EVIDENCE

- **Statement by the defendant**

Article 205

Getting personal data from the defendant

(1) When the defendant is examined for the first time, the defendant shall be asked if he or she understands the language used during the procedure, to state his or her first name and surname, any nicknames, first names and surnames of the parents, the maiden name of the mother, place of birth, place of residence, day, month and year of birth, the Personal Identification Number, community affiliation, citizenship, profession, family status, education, financial situation, whether the defendant has been previously convicted, when and why, if and when the sentence has been served, if there is another procedure against him or her for some other crime, and if the person is a minor, who is his or her legal representative.
(2) The defendant shall be advised that he or she is obliged to respond to the summons and immediately inform about any change of address or the intention of changing the place of temporary or permanent residence, and forewarned about the consequences of not observing these rules. If the defendant does not have a temporary or permanent residence in the Republic of Macedonia or if the person is a foreign national, the person shall be advised that he or she is obliged in a period of eight days to specify an address or a person in the Republic of Macedonia for serving of process and delivery of decisions, and the defendant shall be forewarned that if he or she does not specify an address or a person for service of process, the summoning entity shall post the legal notice on the notice board at the court, and as soon eight days elapse from the day of the posting, it shall be deemed that service of process has been effectuated.

Article 206

Advising the defendant of his or her rights

(1) Before any examination of the defendant, he or she shall have to be informed and advised of the following:
1) what he or she is accused of and what are the grounds for suspicion against him or her;
2) that the person is not obliged either to present any defense, or to answer any questions asked, however, if he or she gives a statement, it may be used in the procedure against him or her;
3) that the person may chose a defense counsel of his or her choosing, with whom he or she may consult in person and who may be present during the examination;
4) that he or she may comment on the crime that he or she is accused of and to present any exculpatory facts and evidence;
5) the right of access to the case files and review of the objects that have been seized;
6) the right to a free of charge assistance by an interpreter, i.e. translator if he or she does not understand or speak the language that is being used during the examination; and
7) the right to be examined by a physician if a medical treatment is required or for the purpose of establishing any alleged overstepping of authority by the police.

(2) The defendant may voluntarily waive some of the rights as referred to in paragraph 1 of this Article, but his or her examination shall not commence, unless his or her statement waiving some of the rights has been noted in writing and signed by him or her. The person may not waive his or her right to a defense counsel, if the defense is compulsory in accordance with this Law.

(3) If the defendant does not have an attorney or if he or she is not capable of contacting the attorney, he or she shall receive the list of public defenders on call compiled by the Bar Chamber of the Republic of Macedonia.

(4) If the defendant did not want a defense counsel initially, but later on has asked for one, the examination shall be adjourned and continued only after the defendant has been provided with a defense counsel that he or she may consult with.

(5) If it was acted contrary to the provisions in paragraphs 1, 2, 3 and 4 of this Article, the statement of the defendant shall not be used during the court procedure.

(6) Before the beginning of the initial examination the defendant will be informed also about the right of plea bargaining with the public prosecutor in accordance with Articles 489 to 496 of this Law.

Article 207
Recording of the examination of the defendant

(1) The examination of the defendant conducted by the public prosecutor, or in his or her presence shall be recorded with a visual-audio recording device. The defendant shall be separately advised on the recording, and he or she shall be forewarned that the recorded statements may be used during the procedure.

(2) The reasons and the duration of any intermission of the examination and the recording shall be specified, as well as the time when the examination has been continued and completed.

(3) Three recordings shall be made of the examination, where the public prosecutor and the defendant shall receive a copy each, while one copy shall be sealed and handed over to the preliminary procedure judge. The public prosecutor shall prepare a written transcript of the recording and annex it to the rest of the case file.

(4) The recording referred to in paragraph 3 of this Article cannot be published, broadcasted and used for purposes and goals that are outside the framework of the criminal procedure.

(5) The manner of executing the recording is prescribed by the Minister of Justice upon prior obtained opinion from the Public Prosecutor of Republic of Macedonia.

Article 208
Prohibition of the use of fraudulent, suggestive and captious questions

After the defendant has been advised on the right to keep silent and the other rights referred to in Article 206 of this Law, the questions asked shall be clear, understandable and precise so that he or she is able to fully understand them. The examination may not be conducted under the assumption that he or she admitted something that the person never did and leading questions that suggest the answer shall not be asked of the defendant. The defendant may not be deceived in order to get his or her statement or admission.

Article 209
Identification of objects

Any objects that are related to the crime or that may be used as evidence shall be shown to the defendant to be identified, after he or she has previously described them. If these items cannot be brought in, the defendant may be taken to the location where the objects are to be found.

Article 210
Manner of examination of the defendant

(1) After being advised of his or her rights, the defendant shall be asked if he or she has something to say in his or her defense. During the examination, the defendant shall be given the opportunity to freely comment on all circumstances of his or her accusation and to present all the facts that might be useful to his or her defense.

(2) The defendant shall be examined verbally. During the examination, the defendant may be allowed to use his or her notes.
(3) When the defendant completes the statement, questions shall be asked if necessary to fill in the gaps and to eliminate any inconsistencies or obscurities in his or her account of the events.
(4) The examination shall be conducted so as to respect the personality of the defendant.
(5) Force, threats or other similar means (Article 249, paragraph 4) shall not be used against the defendant in order to obtain his or her statement or confession.
(6) The defendant may be examined in the absence of a defense counsel only if he or she has explicitly waived that right, and the defense is not mandatory or if he or she does not provide for a defense counsel within 24 hours from the moment when he or she was advised of this right (Article 71, paragraph 2), except in the event of a mandatory defense.
(7) If it was acted contrary to the provisions of paragraphs 5 and 6 of this Article, any given statement by the defendant cannot be used in the procedure.

Article 211
Examination of the defendant through an interpreter

(1) The defendant shall be examined through an interpreter in the events as provided for in this Law.
(2) If the defendant is deaf, the questions shall be asked in writing, and if the person is dumb, he or she shall be invited to answer in writing. If the examination cannot be performed in this manner, a person that has proper understanding with the defendant shall be brought in as an interpreter.
(3) If the interpreter has not been sworn in earlier, he or she shall take an oath to truly interpret the questions that are being asked of the defendant and the statements that he or she provides.
(4) The provisions of this Law that refer to the expert witnesses shall be applicable correspondingly to the interpreters as well.

2. Witnesses
Article 212
Persons that may be witnesses

(1) Persons that are likely to provide information about the criminal offense or the perpetrator and about other important circumstances shall be summoned as witnesses.
(2) The injured party and the private plaintiff may be examined as witnesses.
(3) Any person who has been summoned as a witness shall be obliged to respond to the invitation, and unless determined otherwise in this Law, he or she shall be obliged to testify.

Article 213
Persons that may not be witnesses

The following persons shall not be witnesses:
1) a person who would violate the duty of keeping a state or a military secret if he or she gives a statement, unless the competent entity relieves him or her of that duty;
2) the defense counsel of the defendant on anything confided by the defendant in him or her as counsel, unless the defendant himself or herself demands it;
3) a person who would violate the duty of keeping a business secret if he or she gives a statement, regarding anything learned during the practicing of his or her profession (religious confessor, attorney and physician), unless the person has been relieved of such a duty by a separate regulation or by a written statement, i.e. or by a verbal statement given on record by the person for whose benefit the keeping of the secret was instituted, i.e. by such a statement by his or her legal successor;
4) a juvenile person who, bearing mind his or her age and mental development is not capable of understanding the significance of his or her right not to testify, unless the defendant himself or herself demands it; and
5) any person who is not capable of testifying at all, due to his or her mental or physical illness or age.

Article 214

Persons excused from the duty to testify

(1) The following persons shall be excused from the duty to testify:

1) the marital and illegitimate partner of the defendant;

2) any blood relatives of the defendant in a direct line, any relatives in an indirect line up to the third degree, as well as in-law relatives up to the second degree; and

3) an adopted child or a foster parent of the defendant.

(2) The entity conducting the procedure shall be obliged to forewarn the persons as referred to in paragraph 1 of this Article that they must not testify, before they have been examined or immediately after their relationship with the defendant has been established. The forewarning and the response shall be put on the record.

(3) Any person who has proper reasons not to testify against one of the defendants shall be excused from the duty to testify against all other defendants, if his or her statement, according to the nature of the circumstances, cannot be limited only to the other defendants.

Article 215

Consequences from any violation of the witness examination rules

If a person who may not be a witness or a person who is not obliged to testify has been summoned as a witness, and was not forewarned or did not explicitly waive that right, or if the forewarning and the waiver have not been noted in the record, or if a juvenile person has been examined who cannot understand the significance of his or her right not to testify, or if the statement by the witness has been extorted by force, threat or other similar prohibited means, such a statement by the witness may not serve as a ground for the court decision.

Article 216

The right of the witness to refuse to answer certain questions

The witness shall not be obliged to answer certain questions if it is likely that by doing so, the witness would expose himself or herself or a close relative to formidable shame, significant material loss or criminal prosecution.

Article 217

Questions that are not allowed to be asked of the injured party or witness

It shall be prohibited to ask the injured party and the witness questions that pertain to their sexual life and sexual predispositions, political and ideological affiliation, racial, national and ethnic origin, moral criteria and other extremely personal and family circumstances, except upon an exception, if the answers to such questions are directly and obviously related to the required clarification of the significant criterion of the criminal offense, which is the subject matter of the procedure.

Article 218

Summoning a witness

(1) The summoning of a witness shall be done by delivering a summons in writing, specifying the first name and surname and profession of the summoned person, the time and place of the expected arrival, the criminal case in relation to which the person has been summoned, an indication that he or she is summoned as a witness and a warning on the consequences from any unjustified absence (Article 224, paragraph 1 of this Law).

(2) The summoning as a witness of a juvenile person, who has not turned 18 years of age yet, shall be done through his or her parents, i.e. through the legal guardian.

(3) Any witnesses that are not capable to respond to the summons due to old age, illness or severe physical disability, may be examined at their home or any other place where they reside.

Article 219

Manner of Examination of witnesses

(1) The witnesses shall be examined separately. As a rule, the witness shall respond verbally.

(2) The witness shall previously be forewarned about the duty to tell the truth and elide nothing, and afterwards, he or she shall be forewarned that giving a false statement is a criminal

offense. The witness shall be also forewarned that he or she is not obliged to respond to the questions as referred to in Article 216 of this Law and this forewarning shall be noted on the record.

(3) The witness shall then be asked to state his or her first name and surname, father's name, profession, temporary or permanent place of residence, place of birth, age and his or her relationship with the defendant and the injured party. The witness shall be warned that he or she is obliged to inform the entity conducting the proceedings of any change of address or temporary or permanent residence.

(4) When examining a witness, neither the use of deception shall be allowed, nor asking leading questions that already suggest the expected answer.

Article 220

Identification of persons or objects by the witness

(1) If it is necessary to establish whether the witness recognizes a certain person or an object, the witness shall be first asked to give a description and to indicate any characteristics that make them distinguishable, and only then, the witness may see the person, together with some other persons that are not known to him or her, between five and eight as a rule, whose basic features are similar to the ones described by the witness, i.e. the object, together with other objects of the same or similar kind, following which, the witness shall be asked if he or she is capable to recognize the person or the object with certainty or with a certain degree of probability, and in the event of a positive response, the witness shall be asked to point to the recognized person or object.

(2) Any persons that are being identified in a line-up, shall be advised of their right to call a defense counsel of their own choice, i.e. a defense counsel shall be assigned to them and the identification shall be postponed pending the arrival of the defense counsel, but for not more than two hours from the moment when the defense counsel has been informed thereof.

(3) Before the enactment of a decision for conducting an investigation, the identification shall be conducted in the presence of the public prosecutor, so that the person who is being identified cannot see the witness, and the witness cannot see that person before he or she does the identification.

Article 221

Examination of a witness through an interpreter and examination of deaf or dumb witness

If the examination of the witness is conducted through an interpreter, or if the witness is deaf or dumb, his or her examination shall be conducted as prescribed in Article 211 of this Law.

Article 222

The witness's oath

The witness may be required to take an oath. The witness may take the oath before the main hearing only if it is feared, that due to illness or other reasons, he or she shall not be able to attend the main hearing. The reason, due to which the person was sworn in, shall be noted on the record. The oath shall be taken as prescribed in Article 392, paragraph 2 of this Law.

Article 223

Persons who must not take an oath

The following persons shall not take an oath:

1) persons who have not yet turned 18 years of age at the time of the examination; and
2) persons who cannot understand the significance of the oath, due to their mental state.

Article 224

Witnesses who do not respond to the summons and refuse to testify

(1) Any witness who has been properly summoned does not appear, and does not justify the absence, or retires from the location where he or she is to be heard without an approval or justified reason, may be brought forcibly with a court decision, and also punished by the court with a fine as prescribed in Article 88, paragraph 1 of this Law.

(2) If the witness appears, and after being forewarned about the consequences, does not want to testify without proper legal reason, he or she may be punished with a fine as referred to in paragraph 1 of this Article, and if the witness still refuses to testify, shall be punished with a fine as prescribed in Article 88, paragraph 1 of this Law. If the witness still refuses to testify even after the second fine, and the procedure is conducted before the court, he or she may be imprisoned for up to 30 days.

(3) The Trial Chamber referred to in Article 25, paragraph 5 shall always rule on the appeal against the decision that the fine has been imposed by. Any appeal against the decision shall not prevent the enforcement of the decision.

Article 225
Recording of the witness examination with visual and sound devices

Upon proposal by the parties, the entity conducting the proceedings may decide, for the examination of the witness to be recorded with visual and sound devices.

Article 226
Witness protection

(1) If it is likely that by giving a statement or by responding to a certain question, the witness, collaborator of justice or the victim, i.e. the injured party, or a person close to him or her would be exposed to a serious threat to his or her life, health or physical integrity, the endangered witness may refrain from giving a statement or presenting information as referred to in Article 219, paragraph 3 of this Law, until the necessary conditions for his or her protection have been provided for.

(2) The protection of the endangered witness shall mean a special way of examination and participation in the procedure as prescribed in this Law and implementation of protective measures beyond the procedure, as prescribed in a separate law.

(3) If the public prosecutor believes that the fear of danger as referred to in paragraph 1 is grounded, he or she shall stop the examination and undertake urgent actions pursuant to the provisions on protection of witnesses, collaborators of justice and victims, as prescribed in this Law.

(4) If, during the procedure, the endangered witness states that he or she does not require a special manner of participation and examination, the witness shall be examined in accordance with the general rules for examination of witnesses. The previous statement, provided under the rules for a special examination of an endangered witness, may be used during the examination, and afterwards it shall be singled out from the case file and handed over to the preliminary procedure judge for safekeeping in a sealed envelope.

(5) If the public prosecutor believes that the request referred to in paragraph 1 of this Article is ungrounded, he or she shall proceed according to Article 219 of this Law.

(6) The summoning of an endangered witness in the preliminary procedure or at the main hearing shall be done through the Witness Protection Unit at the Ministry of Interior.

Article 227
Protection of an endangered witness during the preliminary procedure

(1) As soon as he or she learns about the probability of existence of the circumstances referred to in Article 226 of this Law, the public prosecutor shall undertake measures for protection of the endangered witness. The public prosecutor shall inform the endangered witness thereof.

(2) With a decision, the public prosecutor shall determine the pseudonym of the endangered witness, as well as the special manner of participation in the procedure and examination. The defendant and his or her defense counsel and the injured party and his or her attorney shall not be present during the examination of the endangered witness in the preliminary procedure.

(3) The public prosecutor shall seal the information on the endangered witness in a separate envelope and note that in the case file accordingly, using the pseudonym of the endangered witness. Only the second instance court, when ruling on an appeal, may ask for and open the sealed envelope containing the information on the endangered witness. In such an event, the opening shall be annotated on the envelope and the names of the members of the chamber

who are going to be introduced to its contents shall be specified. After the members of the Chamber have been familiarized with its contents, the envelope shall be sealed again and returned to the public prosecutor.

(4) The endangered witness shall not be asked any questions, which, directly or indirectly, may discover his or her identity, place of residence, employment or family members.

(5) Any person who learns of the information on the endangered witness in any capacity shall be obliged to keep it as classified information.

Article 228

Protection of an endangered witness at the main hearing

(1) The public prosecutor shall deliver the motion for a special manner of examination of the endangered witness elaborated in writing and sealed in an envelope to the judge, i.e. to the Chamber for review of the indictment along with the submission of the indictment.

(2) The court shall rule on the public prosecutor's motion with a decision, within a period of 48 hours from the receipt of the motion at the latest.

(3) If the court approves of the public prosecutor's motion, it shall establish the pseudonym of the endangered witness with a decision, if it was not established by then, as well as the special manner of participation in the procedure and examination. An appeal against this decision of the court shall not be allowed.

(4) The special manner of examination may include hiding the identity of the witness, and in certain cases, hiding the appearance of the endangered witness (Article 229 and Article 230 of this Law).

Article 229

Examination under a pseudonym

(1) If the special manner of examination of the witness refers only to hiding personal data, the examination shall be conducted under a pseudonym, without specifying other data referred to in Article 219, paragraph 3 of this Law. As far as the rest of the examination is concerned, it shall be conducted according to the general provisions for examining witnesses.

(2) After the examination has been completed, the endangered witness shall sign the record with his or her pseudonym.

(3) Any person who learns of the information on the endangered witness in any capacity shall be obliged to keep them as classified information.

Article 230

Examination assisted with technical devices for transfer of picture and sound

(1) If the special manner of participation in the procedure and examination of the endangered witness refers to the hiding of data as referred to in Article 219, paragraph 3 of this Law, but also to the hiding of the appearance of the endangered witness, the examination shall be conducted with the assistance of technical devices for transfer of picture and sound, whilst distorting the face and the voice of the endangered witness.

(2) During the examination, the endangered witness may be located in another room, which is physically separated from the room that houses the judge and the other participants in the proceeding.

Article 231

Rights of the defense during the examination of endangered witnesses at the main hearing

(1) During the examination of endangered witnesses at the main hearing, special attention shall be paid to the right of the defendant and his defense counsel to be provided with an adequate and sufficient opportunity to challenge and verify their statements.

(2) It shall not be possible for the verdict to be based only on the statement of the endangered witness provided for through the use of the provisions for hiding his or her identity and appearance for the purpose of his or her protection, or the protection of persons that are close to him or her.

Article 232
Examination of extremely vulnerable victims and witnesses

(1) If the entity conducting the procedure establishes that the injured party or the witness, having in mind his or her age, healthcare condition, the nature and the consequences of the criminal offense, i.e. due to other circumstances of that case, are extremely vulnerable, such as juvenile persons that are victims of human trafficking, violence or sexual abuse, and that the examination at the facilities of the entity conducting the procedure would have harmful consequences for their mental or physical health, they shall be examined in a manner as prescribed in this Article.

(2) If the entity conducting the procedure believes it necessary for the purpose of helping the injured party or the witness as referred to in paragraph 1 of this Article, it shall assign a legal representative to him or her.

(3) Any questions to the injured party and the witness referred to in paragraph 1 of this Article may be asked only through the entity conducting the procedure, which shall treat such a person with special care in order to avoid any harmful consequences of the criminal procedure on his or her personality, mental and physical health.

(4) The examination of the injured party and the witness referred to in paragraph 1 of this Article may be conducted with the assistance of a psychologist, social worker or another competent person, and the entity that conducts the procedure may decide for the person to be examined with the use of technical devices for transfer of picture and sound, without the presence of the parties and other participants in the procedure in the same room together with the injured party or the witness, whereas the parties, defense counsel and other persons that have the right, shall ask questions through the entity conducting the procedure, a psychologist, pedagogue, social worker or another competent person.

(5) The court may exclude the public during the examination of the injured party or the witness referred to in paragraph 1 of this Article.

(6) The injured party or the witness referred to in paragraph 1 of this Article shall not be confronted with the defendant, and they may be confronted with other witnesses only upon their own request.

3. Crime scene investigation and reconstruction

Article 233
Crime scene investigation

(1) Any crime scene investigation shall be conducted by the public prosecutor and with his or her authorization, also by the judicial police, if an immediate observation is required in order to establish or clarify some important fact in the procedure.

(2) The suspect, the defense counsel and the injured party shall have the right to be present at the crime scene investigation. Their absence shall not postpone the crime scene investigation.

Article 234
Reconstruction of an event

(1) For the purpose of verification of any collected evidence or establishing the facts that are of importance for the clarification of the events, the entity conducting the procedure may order reconstruction of the events, which shall be conducted by repeating the actions or situations in conditions under which, according to the collected evidence, the event has taken place. If the actions or situations have been depicted differently in the statements provided by different witnesses or suspects, i.e. defendants, the reconstruction of the incident, as a rule, shall be conducted with each of them separately.

(2) The reconstruction referred to in paragraph 1 of this Article may be performed completely or partially through the use of computer simulations.

(3) The reconstruction may not be performed in a way that would be offensive to the public order and morality or would cause danger to people’s lives and health.

(4) If needed, certain evidence may be presented again during the reconstruction.

Article 235
Participation of competent persons and experts during the crime scene investigation and reconstruction

(1) The entity that is conducting the crime scene investigation or the reconstruction may ask for assistance from a competent person of criminalist-technical, traffic or other profession, who, as the need arises, shall help in the location, safeguarding or description of traces, perform the necessary measurements and recordings, make sketches and photo-documentation or collect other data as well.
(2) An expert may also be called to attend the crime scene investigation or the reconstruction, if his or her presence would be beneficial for providing a finding or an opinion.

4. Expertise
Article 236
Commissioning an expert's report

(1) An expert's report shall be commissioned when it is necessary to get a finding or an opinion by a person who disposes of the necessary professional knowledge in order to establish or evaluate an important fact. The expertise is performed by experts that are registered in the Registry of Experts.
(2) The expert's report shall be commissioned with a written order.
(3) The order during the preliminary procedure shall be issued by the public prosecutor, and during the main hearing it will be issued by the court in accordance with Article 394, paragraph 2 of this Law.
(4) The order shall specify the facts that the expert's report should concentrate on and who is to perform the examination.
(5) If a competent academic, scientific or an expert institution exists for a certain type of expert's report, or if the expert's report may be prepared within the framework of a certain state authority, such expert's reports, and especially the more complex ones, as of a rule, shall be entrusted to such institutions or authorities. If an expert finding or an opinion made by a body of a state entity is submitted by the public prosecutor, and if the defense is questioning it, it can be suggested to the court to order an expertise that will be conducted by a different institution or a body.
(6) As of a rule, one expert shall be assigned to work on the expert's report, and if the task is a complex one, then two or more experts may be assigned to work on the expert's report.
(7) Only in exceptional cases, it shall be possible to commission an expert who lives abroad or a foreign professional institution, that according to the laws in their native countries fulfill the conditions for conducting expertise, only if there are no academic, scientific or an expert institution, individual or a company that is registered to conduct expertise i.e. certain type of expertise in the Republic of Macedonia.
(8) The entity referred to in paragraph 3 that commissioned the expert's report, having previously obtained an opinion from the expert, shall establish the deadline for the preparation and the delivery of the expert's finding or opinion, and the deadline may be extended, only upon an elaborated request by the expert.

Article 237
Expert's duties

(1) Any person summoned as an expert shall be obliged to respond to the invitation and to provide his or her finding and opinion within the deadline established in the order. For justified reasons, the deadline established in the order may be extended.
(2) The expert shall be obliged to deliver a report to the entity that commissioned the report as referred to in article 236 paragraph 3 from this Law, and the report should contain the following: evidence that he or she reviewed; any tests conducted; his or her finding and opinion and all other relevant data, considered necessary by the expert for an equitable and objective analysis. The expert shall explain how he or she reached a certain opinion.
(3) If an expert, who has been properly summoned does not appear, and does not justify his or her absence, or refuses to produce a report or does not proceed within the deadline prescribed in the order, he or she may be punished with a fine from 500 to 1,500 Euro payable in Macedonian Denars, and in the case of a professional institution, the fine shall be 1000 to 3,000 Euro payable in Macedonian Denars. In the event of an unjustified absence, the expert may also be brought forcibly.

(4) The Chamber referred to in Article 25, paragraph 5 of this Law shall rule on the appeal against the decision for the fine.

Article 238
Exclusion of an expert

(1) A person who may not be heard as a witness (Article 213 of this Law) shall not be commissioned as an expert, or a person who has been relieved of the duty to testify (Article 214), as well as a person against whom the criminal offense was committed, and if such person has been commissioned, the court decision may not be founded on his or her finding and opinion.
(2) There would be a reason to exclude an expert also if that is a person who is working together with the defendant or the injured party in the same entity or other legal person, as well as if the person is working for the injured party or the defendant.
(3) A person, who has been heard as a witness, may not be commissioned as an expert.
(4) If a separate appeal against the decision to overrule the motion for exclusion of the expert is allowed (Article 36, paragraph 7), the appeal shall delay the preparation of the expert's report, unless there is a danger of procrastination.

Article 239
Expert's report procedure

(1) The expertise shall be managed by the entity that has ordered the expertise referred to in Article 236 paragraph 3 of this Law. Before the expertise procedure commences, the expert shall be invited to carefully review the subject of the expertise, precisely specify everything that has been seen or noticed, and present his or her unbiased opinion, in accordance with the rules of the specific science or practice. The expert shall be specifically forewarned that providing a false statement is a criminal offense.
(2) The entity before which the procedure is taking place shall show the expert the items that are to be reviewed, ask him or her questions and whenever necessary, ask for clarifications with regards to the provided findings and opinion.
(3) The expert may be provided with some clarifications, and he or she may be also allowed insight in the case file. The expert may propose to collect additional evidence, objects and data that would be significant for the provision of a finding and opinion. If the expert was present during the crime scene investigation, reconstruction or another investigative action, he or she may suggest to clarify certain circumstances or to ask the person who is being interviewed some additional questions.

Article 240
Inspection of the object of the expert's report

(1) The expert shall inspect the object of the expert's report in the presence of the entity conducting the procedure and in the presence of the minute taker, except if the expert's report requires lengthy investigations or if the investigations are being done in some institutions or a state authority, or for reasons of morality.
(2) If it is necessary to perform an analysis of some material for the purposes of the expertise, the expert shall be given only a small portion of that material, if that is possible, and the rest shall be safeguarded in sufficient quantities, in case additional analysis are required.

Article 241
Record on the provided expert's report and the right to review it

(1) The record on the provided expert's report or the written findings and opinion shall indicate who conducted the inspection and prepared the expert's report, the number of the license of the expert and the area for which the license has been issued.
(2) After the completion of the expert's report, the body that ordered the expertise referred to in Article 236 paragraph 3 of this Law shall inform the parties and the defense counsel if they have not been present, that the expertise has been completed and that they can review the record of the expertise, i.e. the written findings and the opinion.

Article 242

Expert's report prepared in a professional institution or state body

(1) If the expert's report is to be prepared by an academic, scientific or an expert institution, or a trade company registered for conducting expertise or to a body of the state administration, the entity conducting the procedure shall warn that neither a person as referred in Article 238 of this Law may not participate in the provision of the findings and giving an opinion, nor a person for whom there are reasons for exclusion from preparing any expert reports as prescribed by this Law, as well as about the consequences from providing false findings and opinion.

(2) The material required for the expert's report shall be placed at the disposal of the entities referred to in paragraph 1 of this Article and if necessary, it shall be proceeded in accordance with the provisions of Article 239, paragraph 4 of this Law.

(3) The entities referred to in paragraph 1 of this Article shall deliver the written findings and the opinion signed by the persons who conducted the examination.

(4) The provisions from Article 239, paragraphs 1 and 3 of this Law shall not be applied when the expert's report is to be provided by the entities referred to in paragraph 1 of this Article. The entity conducting the procedure may ask the entities referred to in paragraph 1 of this Article to provide an explanation regarding the findings and the opinion provided.

Article 243

Elimination of any deficiencies in the expert's report

If the findings or the opinion are ambiguous, incomplete or inconsistent on their own the entity conducting the procedure may order the examination to be revised by the same experts in order to eliminate any identified deficiencies.

Article 244

Nomination of technical advisors

(1) The public prosecutor, the defendant and the defense counsel shall have the right to nominate technical advisors from the registry of court approved experts, as of rule, but not more than two of them, who will help them in the gathering of information on professional issues or to contest the expert's report.

(2) The defendant and his or her counsel, in cases and under circumstances as prescribed in this Law for defense of indigent persons as referred to in Article 75 of this Law, shall have the right to be assisted by a technical advisor who will be paid from the State Budget of the Republic of Macedonia.

(3) A person who cannot be an expert pursuant to Article 238 of this Law may not be nominated as a technical advisor.

Article 245

Technical advisor's actions

(1) Upon request by the parties, the technical advisors may be present during the expertise and give suggestions to the experts, and object regarding the expert examination, which shall be put on the record.

(2) If the technical advisors have been nominated only after the expert's report has been completed, the technical advisors may review the findings and the report and ask the entity conducting the proceedings for an authorization to examine the person, object or the location that was the subject of the expert examination.

Article 246

Corpse examination, autopsy and identification

(1) A corpse examination and autopsy shall be done if there is a suspicion that the person's death was caused by a criminal offense. If the corpse has been already buried, an exhumation shall be ordered for the purpose of its examination and autopsy.

(2) During an autopsy of a corpse, all necessary measures shall be taken in order to establish the identity of the corpse, and for that purpose, a specific description shall be provided of the external and internal physical characteristics of the corpse

(3) If necessary, professional and scientific identification methods shall be used: getting and comparing fingerprints of the corpse, DNA sample analysis and comparison of the obtained DNA profile with the DNA profile of any missing persons or other persons, blood relatives of the person that is assumed that can be identified, and as needed, performing other analysis and applying other professional and scientific methods to establish the identity of the corpse.
(4) The examination and autopsy of the corpse will be conducted by at least two doctors, from which at least one of them is an expert in forensic medicine.

Article 247
Corpse examination and autopsy outside of a professional institution and exclusion of the physician who was treating the deceased

(1) When the expert examination is not performed in a professional institution, the corpse examination and autopsy shall be performed by one, and if required by two or more physicians, who have to belong to the forensics-medical examiner's profession. The public prosecutor shall manage such an expert examination and he or she shall put the expert's findings and opinion on the record. Any corpse examination and autopsy shall have to be recorded with picture and sound, and a copy of the audio and video recording shall be annexed to the record.
(2) Any physician who was treating the deceased may not be assigned as an expert. During the corpse autopsy, for the purpose of clarification of the course and circumstances of the illness, the physician who was treating the deceased may be heard as a witness.

Article 248
Psychiatric expert examination

(1) Psychiatric expert examination of the defendant shall be requested if there are any doubts with respect to the presence or limitation of the accountability of the defendant, due to a lasting or temporary mental illness, temporary mental disorder or retarded mental development.
(2) Psychiatric expert examination of the defendant shall be requested if there are any doubts with respect to the presence or limitation of the capability of the defendant to participate in the procedure, due to a lasting or temporary mental illness, temporary mental disorder or retarded mental development, unless it is possible with certainty to establish his or her capability through an examination by a competent person.
(3) If, according to the expert, the person is to be observed for a longer period of time, the defendant shall be referred to an adequate healthcare institution for observation. The court shall enact a decision thereof. The observation may last for a month, and only upon an elaborated proposal by the head of the healthcare institution and after an opinion previously obtained from the experts, the observation may be prolonged to two months.
(4) The defendant and his or her counsel may appeal the decision as referred to in paragraph 2 of this Article, within 24 hours from the moment when the defendant, i.e. the defense counsel received the decision. The Chamber referred to in Article 25, paragraph 5 of this Law shall rule on the appeal within 48 hours. Any appeal shall not prevent the enforcement of the decision.
(5) If the experts establish that the mental state of the defendant is incoherent, they will establish the nature, type, degree and duration of the disorder and provide their opinion on the effects that such a mental state had and still has on the understanding and actions of the defendant, as well as whether and to what extent there was a disorder in the person's mental state at the time when the crime was committed.
(6) If the person who is being referred to a healthcare institution is detained, the preliminary procedure judge shall inform the institution about the reasons for detention, so as to provide for the necessary measures in order to ensure the purpose of detention.
(7) Any time spent in a healthcare institution by the defendant shall be calculated as time spent in detention, i.e. time spent in serving the sentence, if any.

Article 249
Physical examination, drawing blood samples and other medical actions

(1) A physical examination of the defendant or of other persons shall also be performed without their consent if that is necessary in order to establish the facts that are important to the criminal procedure.
(2) Taking blood samples and other medical actions, which, according to the medical science rules are taken for the purpose of an analysis, identification of persons and establishment of other facts that are important to the criminal procedure, may be undertaken also without the consent of the person who is being examined, but only if that is not harmful for the health of the person.
(3) Samples for DNA analysis may be taken, when that is necessary for identification of persons, or for comparison with other biological traces and other DNA profiles and the consent of the person shall not be required for this.
(4) It is prohibited to apply medical interventions or to give any medications to the defendant or witness that will influence their conscience and their will when they are going to be giving their statements.
(5) If a procedure is not initiated, any samples taken pursuant to this article may be kept until the criminal charges become obsolete according to the provisions of the Criminal Code.

5. Recordings and electronic evidence

Article 250
Recordings as evidence

(1) Photographs, video materials or other audio or visual recordings obtained with the usage of technical devices may be used as evidence during the criminal procedure.
(2) Any recording shall receive the same treatment as any other item that may be used as evidence, making sure that the recording is not damaged or destroyed and its contents preserved without changing the format. If necessary, any required measures shall be taken in order to preserve the content and format of the recording or to make a copy of it.
(3) Unless prescribed otherwise in this Law, the contents of the recording shall be established by playing it. The recording shall be played by competent persons.

Article 251
Electronic evidence

Unless prescribed otherwise in this Law, any electronic evidence shall be collected through the application of the provisions in Articles 198 and 199 of this Law.

Chapter XIX
SPECIAL INVESTIGATIVE MEASURES

Article 252
Purpose and types of special investigative measures

(1) If likely to obtain data and evidence necessary for successful criminal procedure, which cannot be obtained by other means, the following special investigative measures may be ordered:
1) Monitoring and recording of the telephone and other electronic communications under a procedure as stipulated with a separate law;
2) Surveillance and recording in homes, closed up or fenced space that belongs to the home or office space designated as private or in a vehicle and the entrance of such facilities in order to create the required conditions for monitoring of communications;
3) Secret monitoring and recording of conversations with technical devices outside the residence or the office space designated as private;
4) Secret access and search of computer systems;
5) Automatic or in other way searching and comparing personal data of citizens;
6) Inspection of telephone or other electronic communications;
7) Simulated purchase of items;
8) Simulated offering and receiving bribes;
9) Controlled delivery and transport of persons and objects;
10) Use of undercover agents for surveillance and gathering information or data;

11) Opening a simulated bank account; and
12) Simulated incorporation of legal persons or using existing legal persons for the purpose of collecting data.

(2) In case when no information is available on the identity of the perpetrator of the criminal offence, the special investigative measures as referred to in paragraph 1 of this Article may be ordered also in respect of the object of the criminal offense.

Article 253

Crimes for which special investigative measures may be ordered

Special investigative measures may be ordered, when there are grounds for suspicion:

(1) for criminal offenses that entail a prison sentence of at least four years, and which have been prepared, are being committed or have been committed by an organized group, gang or other criminal enterprise;

(2) for the criminal offences of homicide as per Article 123; abduction as per Article 141; mediation in prostitution as per Article 191, paragraphs 1, 3 and 4; showing pornographic materials to a juvenile from article 193, production and distribution of child pornography from 193 –a , luring to an intercourse or other sexual acts against a juvenile who has not turned 14 years of age from article 193-b, unauthorized production and selling of narcotic drugs, psychotropic substances and precursors as per Article 215, paragraphs 1 and 3; damaging and unauthorized entry in computer systems as per Article 251, paragraphs 4 and 6; extortion as per Article 258, blackmail as per Article 259, paragraph 2; appropriation of goods under temporary protection or cultural heritage or natural rarities as per Article 265; taking out, i.e. exporting abroad goods under temporary protection or cultural heritage or natural rarities as per Article 266, paragraph 1; sale of cultural heritage of special importance owned by the state as per Article 266-a; money laundering and other proceeds from a punishable act as per Article 273, paragraphs 1, 2 and 3 and paragraphs 5, 6, 8 and 12; smuggling as per Article 278, paragraphs 3 and 5; customs fraud as per Article 278-a; misuse of an official position and authority as per Article 353; defalcation in official service as per Article 354; fraud in official service as per Article 355; stealing in official service as per Article 356; accepting a bribe as per Article 357, paragraphs 1, 4, 5 and 6; giving a bribe as per Article 358, paragraphs 1 and 4; illegal mediation as per Article 359, paragraph 6; illegal influence on witnesses as per Article 368-a, paragraph 3; establishing a criminal enterprise as per Article 394, paragraph 3; terrorist organization as per Article 394-a, paragraphs 1, 2 and 3; terrorism as per Article 394-b and financing terrorism as per Article 394-c, all of those from the Criminal Code; or

(3) for criminal offenses against the state (Chapter XXVIII), crimes against humanity and the international law (Chapter XXXIV) from the Criminal Code.

Article 254

Aiding and abetting in respect of special investigative measures

(1) By undertaking special investigative measures as referred to in Article 252, paragraph 1 one shall not incite another person to commit a crime.

(2) A person who is undertaking special investigative measures as referred to in Article 252, paragraph 1 shall not be prosecuted for actions that comprise aiding a crime and which have been performed in order to obtain data and evidence for a successful criminal procedure.

Article 255

Persons against whom special investigative measures may be ordered

(1) Pursuant to the conditions listed in Article 252, paragraph 1 of this Law, the order may pertain to a person:
   1) who committed a criminal offense as stipulated in article 253 of this Law;
   2) who undertakes activities in order to commit a criminal offense as stipulated in article 253 of this Law; and

3) who is preparing the commission of a criminal offense as stipulated in Article 253, when such preparation is punishable according to the provisions of the Criminal Code.

(2) The order may also pertain to a person who receives or relays shipments to and from the suspect or if the suspect uses his or her communication device.

(3) If, during the implementation of the measures, communications of a person who is not a subject of the order are monitored and recorded, the public prosecutor shall be obliged to set them aside and inform the judge of the preliminary procedure thereof. Upon proposal by the public prosecutor, the preliminary procedure judge may order, only the parts that pertain to the criminal offense for which the order had been given to be removed from the overall documentation on the implementation of the measures.

Article 256
Authorized body for ordering special investigative measures

The measures referred to in Article 252, paragraph 1, items 1, 2, 3, 4 and 5 of this Law, upon an elaborated motion by the public prosecutor shall be ordered by the preliminary procedure judge with a written order. The measures referred to in Article 252, paragraph 1, items 6, 7, 8, 9, 10, 11 and 12 of this Law shall be ordered by the public prosecutor with a written order.

Article 257
Contents of the order

(1) The order for the application of one or more special investigation measures shall contain the following:
- legal title of the criminal offense;
- the person or objects against which the measures shall be implemented;
- technical means that are going to be applied;
- scope and place of implementation of the measures;
- information and evidence on which the grounds for suspicion are based and explanation on the reasons due to which the data or evidence cannot be collected otherwise;
- the entity that has to implement the order; and
- duration of the measure.

(2) The order for monitoring and recording communications referred to in Article 252, paragraph 1, items 1 and 2 of this Law shall also contain the type of the telecommunication system, telephone number or other information required for the identification of the telecommunication interface.

Article 258
Authorized entity for the implementation of special investigative measures

(1) The measures referred to in Article 252 of this Law shall be implemented by the public prosecutor or by the judicial police, under the control of the public prosecutor. During the execution of the measure, the judicial police shall produce a report that is going to be submitted to the public prosecutor, upon his or her request.

(2) After the completion of the measures, the judicial police shall produce a separate report, which shall be delivered to the public prosecutor.

(3) The report referred to in paragraph 2 of this article shall contain the following information:
1) time of start and end of the measure;
2) number and identity of persons encompassed by the measure; and
3) short description of the course and the results achieved with the measure.

(4) The overall documentation of the technical recording shall be delivered to the public prosecutor, annexed to the special report.

(5) The public prosecutor shall deliver the special report and the entire documentation as referred to in paragraph 3 of this Article to the judge of the preliminary procedure.

Article 259

Use of special investigative measures as evidence in the criminal procedure

(1) Any data, reports, documents and objects obtained through the use of special investigative measures as referred to in Article 252 of this Law, under conditions and in a manner established in this Law, may be used as evidence in the criminal procedure.

(2) Any statements obtained by using special investigative measures from persons who, in accordance with this Law, have been relieved from the duty to testify, may not be used as evidence.

(3) Any persons who participated in the implementation of the measures as referred to in Article 252, paragraph 1, item 10 of this Law may be heard as protected witnesses under the conditions established in Articles 226 to 232 of this Law.

(4) The identity of the persons who participated in the implementation of the measures referred to in Article 252, paragraph 1, item 10, of this Law shall remain classified.

(5) If, during the implementation of the measures, the actions were not in accordance with the provisions of this Law, any obtained data may not be used as the basis for the court decision.

Article 260
Duration of the measures

(1) Any special investigative measure, shall last for not longer than 4 months.

(2) Any extension of the measures referred to in Article 252, paragraph 1, items 1, 2, 3 and 4 for a maximum additional period of up to 4 months may be approved by the preliminary procedure judge, upon an elaborated written request by the public prosecutor.

(3) For criminal offenses that entail a prison sentence of at least four years and which are suspected to have been committed by an organized group, gang or other criminal enterprise, upon a written request by the public prosecutor, and based on the assessment of the usefulness of the data obtained through the use of the measure and with a reasonable expectation that the measure may continue to result with data of interest for the procedure, the judge of the preliminary procedure may additionally extend the period referred to in paragraph 2 of this Article for another 6 months at the most.

(4) The measures referred to in article 252, paragraph 1, items 9, 10, 11 and 12 of this Law, may be extended until the goal, for which the measure has been introduced is fulfilled, and until the completion of the investigation at the latest.

(5) Upon an appeal by the public prosecutor, the Chamber of the Court as referred to in Article 25, paragraph 5 of this Law shall rule within 24 hours on the appeal against the judge's decision to overrule the extension of the measure.

Article 261
Termination of special investigative measures

As soon as the objectives, for which the special investigative orders have been established, have been achieved or the reasons due to which they have been approved cease to exist, the entity that issued or extended the order shall be obliged to immediately order the termination of the measures. If the public prosecutor waives the right of criminal prosecution or if any collected information through the special investigative measures is not significant for the procedure, they shall be destroyed under supervision by the judge, and the public prosecutor shall produce a record thereof.

Article 262
Informing the concerned person

After the termination of the special investigative measures, and if that is not harmful to the procedure, upon request by the concerned person, the public prosecutor shall deliver the written order to him or her. The concerned person may also submit such a request to the Court.

Article 263
Extending the scope of the order

If, during the implementation of the measure, one receives information about a criminal offense that is not included in the order, the measure shall be continued only if it has to do with a criminal offense as

referred to in Article 253 of this Law and any information collected in this manner may be used as evidence in the criminal procedure.

Article 264
Data protection with respect to special investigative measures

Any person who, in any way, learns about information that is related to or results from the application of special investigative measures, shall be obliged to keep it as an official secret.

Article 265
Automatic or other way of searching and comparison of citizens' personal data

The measure as referred to in item 5, paragraph 1 of Article 252 of this Law consists of automatic or other way of searching and comparison of databases of personal data of persons and other directly linked data and their comparison with certain characteristics of the person for whom it is reasonable to believe that he or she is linked to the crime, with an aim to exclude the persons who are not suspects, or in order to establish the persons who possess the characteristics that are required for the investigation.

Article 266
Duties of database controllers

(1) Any legal entities and natural persons that are involved in personal data processing shall be obliged to allow an unobstructed enforcement of the order for the application of the measure referred to in Article 252, paragraph 1, item 5 of this Law.

(2) For the purpose of the goals referred to in paragraph 1 of this Article, any legal and natural persons shall need to make the personal data available and hand it over to the competent authorities.

Article 267
Erasing or destroying of personal data collected

If, in a time period of 15 months after the completion of the measure referred to in item 5, paragraph 1 of Article 252 of this Law, no criminal procedure is instigated, all collected data shall be erased or destroyed under the supervision of the preliminary procedure judge, the Public Prosecutor and a representative from the Directorate for Personal Data Protection and the public prosecutor shall be obligated to compile a report accordingly.

Article 268
Reasons for restricting the use of special investigative measures

(1) The measure referred to in Article 252, paragraph 1, item 2 of this Law may only be directed towards the suspect and implemented only at the home of the suspect. The measure shall be allowed in other persons' homes, only if based on a reasonable suspicion that the suspect resides there.

(2) The recording shall be stopped, if during the recording, there are indications that it might be possible for statements to be recorded, which belong in the basic sphere of private and family life. Any documentation on such statements shall be destroyed immediately.

Article 269
Undercover agents and their authorizations

(1) Undercover agents as referred to in item 10, paragraph 1, of Article 252 of this Law shall be officials from the Judicial Police or in exceptional cases, other persons, who, with an approval by the public prosecutor, conduct an investigation under a hidden or changed identity.

(2) Personal and other documents and paperwork may be prepared, changed and used, if so required by the investigators with hidden identity.

(3) Any persons as referred to in paragraph 1 of this Article shall have the right to participate in legal circulation with their changed identity.

(4) Any competent state entities and other legal persons shall be obliged to enable the provision of the documents as referred to in paragraph 2 of this Article.

(5) Any employees in the state entities and legal persons as referred to in paragraph 4 of this Article shall be obliged to keep all data and information that pertain to the provision of the documents as referred to in paragraph 2 of this article as classified information.

Article 270
Protecting the secrecy of the identity of undercover investigators

The identity of the investigators with a hidden identity shall remain a secret even after the completion of the proceedings, in order to protect the lives, physical integrity or freedom of these individuals and other people that are close to them.

Article 271
Reporting on the use of special investigative measures

(1) Once a year, the Chief Public Prosecutor of the Republic of Macedonia shall submit a report on the special investigative measures that have been requested during the previous calendar year, to the Parliament of the Republic of Macedonia.

(2) The report referred to in paragraph 1 of this Article shall specify the following:
1. number of proceedings when measures have been ordered pursuant to Article 252 of this Law;
2. the criminal offenses that provided the grounds according to the division provided in Article 253 of this Law;
3. if the procedure is related to prosecution of organized crime;
4. number of monitored facilities and number of monitored individuals for each proceeding per accused and non-accused persons;
5. duration of the special investigative measure;
6. if the monitoring produced results that are relevant to the procedure or if there is a possibility that they might be relevant for the procedure;
7. if the monitoring did not produce relevant results, the reasons thereof shall have to be differentiated, due to technical reasons and other reasons; and
8. the cost that originates from the application of the special investigative measure.

PART TWO
COURSE OF THE PROCEDURE

SECTION A: PRELIMINARY PROCEDURE
Chapter XX
Pre-investigative procedure
1. Reasons

Article 272
Reasons for initiating a criminal procedure

The public prosecutor and the judicial police shall learn of a criminal offense committed by direct observation, heard rumors or criminal charges filed.

Article 273
Reporting crimes

(1) All state entities, public enterprises and institutions shall be obliged to report crimes that are being prosecuted ex-officio, about which they have been informed or found out about them otherwise.

(2) When filing charges, the applicants as referred to in paragraph 1 of this Article shall also specify any evidence known to them and take necessary measures to preserve any traces of the criminal offence, items that have been used while it was committed or resulted from the commission of the criminal offense and other evidence.

(3) Anyone may report a crime that is being prosecuted ex-officio.

Article 274
Filing criminal charges

(1) Any criminal charges shall be filed with the competent public prosecutor, in writing or verbally, by telephone, electronically or through the use of other technical devices and means.
(2) If the charges have been filed through an electronic device, one shall provide for its electronic record and draft a corresponding official note.
(3) If the charges have been filed verbally, the applicant shall be forewarned about the consequences of false reporting. A record shall be compiled on the verbal report, and an official note shall be drafted if the criminal charges have been notified by phone.
(4) If the charges have been filed with the police, the court or incompetent public prosecutor, they shall receive the report and immediately deliver it to the competent public prosecutor.

Article 275
Deadline for making a decision on the criminal charges

(1) If the public prosecutor does not make a decision on the criminal charges within a period of three months from the day of receipt of the report, he or she shall be obliged to immediately inform the applicant and the higher public prosecutor thereof.
(2) The notification of the higher public prosecutor as referred to in paragraph 1 of this Article shall be accompanied by the reasons for not making a decision on the criminal charges.

2. Police actions
Article 276
Police authority

(1) Following the receipt of the criminal charges or after learning of a crime that is being prosecuted ex-officio, the police shall be obliged to take all necessary measures to find the perpetrator of the crime, to prevent the perpetrator or an accomplice to hide or flee, to discover and preserve any traces of the crime and objects that might be used as evidence, as well as to collect all possible accounts that might be useful for a successful criminal procedure.
(2) In order to perform the tasks as referred to in paragraph 1 of this Article, the police may:
1) ask for the required accounts of citizens;
2) to stop, identify and conduct any required inspection of persons, transport vehicles and luggage, if there are grounds for suspicion that some traces of the crime or objects that might be used as evidence may be found on them. The time period of their holding may not exceed 6 hours. The police may use force to a reasonable extent only as a last resort, if that is necessary in order to perform an inspection of the person, transport vehicle or luggage;
3) redirect or limit the movement of persons and transport vehicles in a certain area during a required time period, but for not longer than 6 hours;
4) take any necessary measures to establish the identity of a person or an object;
5) conduct an investigation, or issue a bolo for the person or the property and crime proceeds or the objects that are being searched after;
6) in a presence of an official or responsible person, conduct an inspection of certain facilities and premises that belong to state entities, institutions with public authority and other legal persons and to access their documentation; and
7) undertake other necessary measures and actions as provided by the law.
(3) A record shall be compiled on all facts and circumstances that have been established as a result of separate actions, which may be of interest to the criminal procedure, as well as on the objects that have been found or seized. Any persons and passengers of a transport vehicle who are being inspected or searched shall be informed that a separate record will be compiled on any action taken.
(4) During the performance of these actions, the public prosecutor shall have the right and duty to exercise permanent control over the police. The public prosecutor may also implement these measures on his or her own.

Article 277
Taking fingerprints, DNA analysis samples and taking photographs

(1) If necessary for the establishment of the identity of persons or objects or in other cases for the benefit of a successful procedure, the judicial police may take a photograph of the suspect, take a print of the papillary lines of fingers and palms, take biological material for a DNA analysis, and upon previous approval by the public prosecutor, the police may also publish the suspect's photograph. The judicial police may also take samples for DNA analysis off the suspect, in accordance with Article 249, paragraph 3 of this Law.

(2) If it is necessary to establish whom the traces left on certain objects belong to, the police may take papillary lines prints off fingers and palms, as well as biological material for DNA analysis from individuals that are likely to have had a contact with those objects.

Article 278
Identification

(1) In the event of a suspect whose identity is known to the judicial police and if he or she is available to the police, the following methods of identification by witnesses may be applied:
   a) lineup;
   b) group identification;
   c) video film; and
   d) confrontation.

(2) These types of identification shall be conducted in the presence of a public prosecutor.

(3) Prior to the commencement of the identification process, the witness shall describe the suspect and a record shall be compiled thereof.

(4) The defendant's counsel shall have the right to be present during the identification.

(5) There shall be no lineup if it is practically impossible to find enough people who look like the suspect, due to his or her unusual appearance or any other reason, in order to provide for the fairness of the procedure.

(6) A video recording or a photograph shall be made from each and every lineup.

(7) The manner of identification shall be determined by the Minister of Interior.

Article 279
Summoning citizens by the Judicial Police in order to collect information

(1) The Judicial Police may summon citizens in order to collect information on the criminal offense and the perpetrator or other important circumstances that pertain to the criminal offense.

(2) The person shall be summoned with a written invitation, which must specify the reasons for the summons and an advice of the rights referred to in Article 69 of this Law.

(3) If the summoned person refuses to give any information, he or she may not be summoned again for the same reason.

(4) The collection of information from a single person may last as long as it is necessary to get the required information, but not longer than 4 hours.

(5) Any information from the citizens shall not be collected by using either force or deceit or molestation, and the police shall be obliged to show respect for the personality and dignity of the citizen.

(6) The citizen may be summoned repeatedly for the purpose of collecting information on other crimes or perpetrators, but just once again in order to get information on the same criminal offense if there are important reasons to do so.

(7) The summoned citizen cannot be questioned by the judicial police in a capacity of a defendant, witness or as an expert person.

(8) In cases when the judicial police determines that the summoned citizen can be a suspect, it shall inform the public prosecutor thereof immediately.

Article 280
Filing criminal charges after police actions

On the basis of the information collected, the judicial police shall compile a criminal report on any actions performed, specifying all the evidence that was obtained. The report should be accompanied by any objects, sketches, photographs, and files on any actions taken, official notes, statements and

the rest of the material that may be useful for a successful criminal procedure. If the judicial police additionally learns of some new circumstances, evidence or traces of the crime, it shall be obliged to collect any necessary information and inform the public prosecutor thereof immediately.

Article 281
Holding persons who are found at the crime scene

The police shall have the right to refer any persons found at the crime scene to the public prosecutor or to hold them until his or her arrival, if those persons could give some information that is significant to the criminal procedure and if it is likely that their subsequent examination later on could not be conducted, or if it would be related to significant delays and other difficulties. The person who is being held shall be informed about the reasons there for. The holding of these persons at the crime scene shall last for not more than 6 hours.

3. Collection of required information

Article 282
Informing the public prosecutor

(1) After receiving the criminal charges or after learning about the grounds for suspicion that a crime has been committed, which is being prosecuted ex-officio, without any delay, the police shall inform the public prosecutor thereof.

(2) If there are grounds for suspicion for a criminal offense that entails a prison sentence of at least 4 years or if there are any reasons for urgency, the police, i.e. the judicial police shall immediately inform the public prosecutor thereof verbally. Any verbal notification shall have to be followed without any delays with a written notification, pursuant to paragraph 1 of this Article.

Article 283
Managing the pre-investigative procedure

(1) Following the receipt of the criminal report or after the receipt of the notification by the police, the public prosecutor shall start to manage the procedure.

(2) The judicial police shall be obliged to proceed according to the orders and instructions provided by the public prosecutor pursuant to Article 284 of this Law.

(3) The judicial police shall continue with further actions even when it has not received specific orders or instructions by the public prosecutor, and shall inform the public prosecutor about the conducted measures and activities accordingly.

Article 284
Preliminary collection of information

(1) The public prosecutor on his or her own, or through the judicial police, i.e. other individuals working at the investigative centers of the public prosecution shall collect the necessary information to decide on the criminal charges, and if necessary, this shall be done also through the police and other entities responsible for detection.

(2) The police and the other entities as referred to in paragraph 1 of this Article shall be obliged to report on the measures taken and checks made upon orders or instructions provided by the public prosecutor, within 30 days from the receipt of the order at the latest.

(3) In the order, the public prosecutor may specify the required measures in more details and order the police to inform him or her without any delays about any measures taken. If the public prosecutor wants to be present during those actions, the police shall take them in a manner that would provide for that.

(4) Only in the event of extremely complex cases of serious criminal offenses committed by several persons or by an organized crime group, the judicial police may ask for an approval by the public prosecutor for an extension of the deadline referred to in paragraph 2 of this Article. Within this additional deadline, which should not exceed 30 days, the judicial police shall be obliged to inform the public prosecutor about any measures taken so far and the achieved results.

Article 285
Public prosecutor's authorization to summon persons

(1) In order to collect any necessary information, the public prosecutor may summon the person who has filed the criminal charges, as well as other persons whose accounts he or she believes might contribute towards the assessment of the plausibility of the allegations in the criminal report or persons that he or she believes may be witnesses in the procedure, and at the same time notifying them about the reasons for the summons. In doing so, the provisions on summoning and examination of witnesses shall be applied accordingly.

(2) The public prosecutor may also summon the suspect and in that case, the provisions of Articles 205, 206, 207, 208, 209, 210 and 211 of this Law shall be applied accordingly.

(3) The public prosecutor shall compile a record on any collected information as referred to in paragraph 1 of this Article.

(4) With a decision by the court, one may forcibly bring in a person, only if he or she did not respond to the properly served summons or a person who is obviously trying to avoid the service of process, if the person's presence is vital to the clarification of certain circumstances that are important for the decision whether to initiate an investigation for a crime that is prosecuted ex-officio and which entails a prison sentence of more than 5 years.

Article 286
Getting information from persons in detention

(1) The public prosecutor or the police, when tasked so by the public prosecutor, with the court's approval, may also collect information from persons who are in detention, if that is required in order to explain and clarify other criminal offenses and perpetrators.

(2) The provision from Article 210 in this Law shall be applied accordingly to any collection of information from people in detention.

Article 287
Duty to deliver the requested information to the public prosecutor

(1) Upon request by the public prosecutor, state entities, units of the local self-government, organizations, natural and legal persons with public authority and other legal entities shall be obliged to deliver the information that he or she requested. The public prosecutor may ask these entities to control the work of a legal or natural person and temporary seizure of money, securities, objects and documents that may be used as evidence, until the enactment of a final and enforceable judgment, to perform tax revisions and ask for data that may serve as evidence of a committed criminal offense or property acquired through the commission of a criminal offense, perform inspection and ask for reports on information related to unusual and suspicious financial transactions.

(2) Any entities referred to in paragraph 1 of this Article shall be obliged to deliver to the public prosecutor any data, notifications, documents, objects, bank account information and files that he or she might need during the procedure. The public prosecutor shall have the right to ask for data and information, documents, files, objects and bank accounts information also from other legal persons and citizens, for whom he or she reasonably believes that they dispose of such data and information.

(3) Any entities referred to in paragraph 1 of this Article shall be obliged to undertake the necessary measures immediately and in a period not longer than 30 days, deliver to the public prosecutor all requested data, information, documents, objects, bank accounts information or files.

(4) If the entities referred to in paragraph 1 of this Article fail to act in accordance with paragraph 3 of this article, the public prosecutor may suggest to the court to issue a fine in the amount of 2,500 to 5000 Euro payable in Macedonian Debars for the responsible person i.e. official representative person of the entities referred to in paragraph 1 of this Article.

(5) The public prosecutor on his or her own, may secure and examine the requested data, notifications, documents, objects, bank accounts or files, and if they are not provided or delivered he should inform the responsible person, i.e. the official representative person of the

entity that he contacted, and the prosecutor may propose for an appropriate measures to be taken as prescribed by the law.

(6) If, in accordance with paragraph 5 of this Article, the public prosecutor proposed for an appropriate measures to be taken, the responsible person i.e. the official representative person of the entity or the person, whom he or she contacted, within a period of 30 days, shall be obliged to inform him or her about any measures that have been taken.

(7) Any access to bank accounts pursuant to paragraphs 1, 2 and 3 of this Article shall not constitute a banking secret violation.

(8) Upon request from the public prosecutor the operators of public communications networks and providers of public communication services shall be obligated to submit data on any established contacts in the communication traffic.

Article 288
Rejection of criminal charges

(1) The public prosecutor shall reject the criminal charges with a decision, if, from the criminal report itself, one may conclude that the reported crime is not a criminal offense that is being prosecuted ex-officio, or if the statute of limitation applies or if the criminal offense is subject to amnesty or pardon, or if there are other circumstances that exclude any prosecution or if there are no grounds for suspicion that the reported person has committed the crime.

(2) The decision to reject the criminal charges shall be delivered to the injured party with an advice that he or she may file an appeal within 8 days with the immediate higher prosecutor, whereas the applicant shall be informed about the reasons for the rejection.

(3) If the appeal is not allowed or untimely, the higher public prosecutor shall notify the injured party in writing thereof.

(4) The higher public prosecutor, within a period of 30 days, shall be obliged to rule on the appeal by the injured party.

(5) When proceeding as per the appeal, the higher public prosecutor may affirm the decision to reject the criminal charges or may grant the appeal and ask the lower public prosecutor to continue the procedure.

4. Secrecy and judicial control
Article 289
Secrecy of the pre-investigative procedure

Any actions taken during the pre-investigative stage by the public prosecutor or the police shall be regarded as secret.

Article 290
Judicial control of legality

(1) Any person who believes that his or her rights have been violated by any of the actions taken, within a period of 8 days after he or she learned about that action, may file a complaint with the preliminary procedure judge, who shall be obliged, with a decision, to rule on the legality of the action or measure, which shall not limit the person's right to press criminal charges and the right to effectuate his or her legal protection through other means.

(2) Following the examination of the legality of these actions taken, the preliminary procedure judge shall enact a decision, which shall be delivered to the public prosecutor and the applicant. An appeal shall be allowed against this decision with the Chamber as referred to in Article 25, paragraph 5 of this Law, which shall be obliged to rule on the appeal in a period of 3 days.

CHAPTER XXI
INVESTIGATION PROCEDURE
Investigation procedure of the public prosecutor
Article 291
Goal of the investigation procedure

(1) The investigation procedure shall be initiated against a certain person when there is a grounded suspicion that the person committed a crime that is prosecuted ex-officio or upon a motion.

(2) The investigation procedure shall be conducted by the competent public prosecutor, who shall have the judicial police at his or her disposal.

(3) During the investigation procedure:
- any evidence and data required by the public prosecutor shall be collected, so that he or she may decide whether to raise an indictment or waive his or her right of criminal prosecution; and
- any evidence that might not be presented during the main hearing or evidence whose presentation would cause certain difficulties, in accordance with the articles 312, 313, 314, 315, 316, 317, and 318 from this Law shall be presented.

(4) During the investigation procedure, the public prosecutor shall be obliged to collect both incriminating and exculpatory evidence.

Article 292
Order to conduct an investigation procedure

(1) The public prosecutor shall enact an order to conduct an investigation procedure.

(2) The order to conduct an investigation procedure shall contain personal data of the suspect and a legal qualification of the offense. In the order to conduct an investigation procedure, the public prosecutor shall specify to review certain circumstances, undertake certain investigative actions and to interview certain individuals in relation to certain issues.

(3) Before enacting the order to conduct an investigation procedure, the public prosecutor may examine the person that the investigation procedure was requested for.

Article 293
Motions by the suspect, defense counsel and the injured party

During the investigation procedure, the suspect, his or her defense counsel and the injured party may put forward motions with the public prosecutor for the undertaking of certain actions and observance of their rights.

Article 294
Competency of the preliminary procedure judge

(1) After the enactment of the order to conduct an investigation procedure, the public prosecutor may put forward, to the preliminary procedure judge, an elaborated motion for detention or other measures to ensure the presence of the defendant. The preliminary procedure judge shall be obliged, without any delays, to consider such a motion and rule on it immediately. If the preliminary procedure judge denies the motion by the public prosecutor, he or she shall enact a separate elaborated decision thereof. The public prosecutor shall have the right, within 6 hours, to appeal against such a decision with the Trial Chamber referred to in Article 25 paragraph 5 of this Law.

(2) Upon a motion by the public prosecutor, during the investigative procedure, the preliminary procedure judge shall issue search warrants for residencies, other premises and persons. If the judge denies such a motion by the public prosecutor, he or she shall ask for a ruling on this issue by the Trial Chamber referred to in Article 25, paragraph 5 of this Law, within a period of 24 hours.

(3) In cases established by law, upon a motion by the public prosecutor, the preliminary procedure judge shall issue an order for the implementation of special investigative measures.

(4) If there are grounds for suspicion that the committed criminal offense yielded certain crime proceeds, the public prosecutor may propose to the preliminary procedure judge, for the

property of funds to be placed in custody of the court and to issue some of the measures for temporary safeguarding of the property or funds that are related to the crime.

(5) In cases as prescribed in this Law, upon a motion by the public prosecutor or the suspect, the preliminary procedure judge shall conduct an evidentiary hearing.

(6) The preliminary procedure judge shall proceed in a procedure for international cooperation in criminal matters according to the authority established with a separate law.

Article 295
Investigative actions

(1) During the investigation, in accordance with the provisions of this Law, the public prosecutor may undertake the following investigative actions:
- search;
- temporary safeguarding and seizure of objects or property;
- examination of the suspect;
- examination of witnesses;
- commissioning expert's reports;
- crime scene investigation and reconstruction; and
- special investigative measures.

(2) Investigative actions may be taken even before the initiation of the investigation procedure if there is a danger of procrastination, under conditions and in a procedure as provided for in this Law.

Article 296
Participation of the suspect, defense counsel and the injured party in the investigation procedure

(1) The public prosecutor shall be obliged, in a convenient manner, to inform the defense counsel, the injured party and the suspect about the time and location of the investigative actions that they may be present at, except if there is a danger of procrastination. If the suspect has a defense counsel, as of a rule, the public prosecutor shall inform the defense counsel only.

(2) If the person who has been informed about the investigative action is not present, the action may be performed in his or her absence.

(3) Any persons, present during the investigative actions may suggest to the entity conducting the procedure to ask the suspect and the expert certain questions that might clarify the issues, and if approved by the entity conducting the procedure, they may also ask them direct questions. These individuals shall also have the right to ask for their remarks regarding the performance of certain actions to be put on the record.

Article 297
Jurisdiction over investigative actions

(1) The public prosecutor shall undertake investigative actions in the area in which he or she is competent to proceed.

(2) If required by the interests of the investigation procedure, certain investigative actions may also be performed outside the territory of their jurisdiction, but in such a case, the public prosecutor who has the jurisdiction over the territory where the investigative action is being taken shall have to be informed accordingly.

Article 298
Professional and technical assistance

(1) In order to clarify certain technical and other professional issues that pose themselves with regards to any evidence collected or during the performance of certain investigative actions, the public prosecutor may ask any competent person or an appropriate institution to provide him or her with the necessary explanations on those issues.

(2) The public prosecutor shall compile a record on the professional explanations received, which may be used during the procedure.

Article 299

Secrecy of the investigation procedure

(1) If so required by the interests of the criminal procedure, the need to keep a secret or to protect the suspect and the family life of the suspect or the injured party, the public prosecutor shall order the person who is being examined, who is present during the investigative action or who reviews the case files, to keep certain information as secret and he or she shall also forewarn the person about the consequences of any disclosure of such a secret.

(2) The order referred to in paragraph 1 of this Article shall be entered into the record separately, i.e. it shall be noted in the files that are being reviewed, with a personal signature of the person who has been forewarned about the duty of keeping a secret.

Article 300

Recess of the investigation procedure

(1) The public prosecutor shall recess the investigation procedure with an order if:
- the suspect is on the run or unavailable for the state entities;
- after the crime committed, the suspect got mentally ill, he or she suffered a breakdown or another serious illness due to which he or she can no longer participate in the procedure; or
- there are other circumstances that temporarily prevent any further criminal prosecution.

(2) Prior to the recess of the investigation procedure, the public prosecutor shall collect all the evidence related to the criminal offense and the suspect that he or she can.

(3) If the statute of limitation has become applicable during the recess of the investigation procedure, the public prosecutor shall provide a statement whereby he or she waives his or her rights of further prosecution.

(4) When the reasons that caused the recess cease to exist, the public prosecutor shall continue the investigation procedure.

Article 301

Completion of the investigation procedure

(1) The public prosecutor shall terminate the investigation procedure when he or she believes that the case has been sufficiently clarified so as to raise an indictment or terminate the investigation procedure.

(2) If the investigation procedure is not completed within 6 months from the day of enactment of the order to initiate an investigation procedure, the public prosecutor shall be obliged to inform the higher public prosecutor thereof, who, in the event of complex cases, may extend this deadline for another 6 months. In exceptional cases, this deadline may be extended for an additional 3 months by the Chief Public Prosecutor of the Republic of Macedonia.

(3) For criminal offenses in the area of organized crime, the deadline referred to in paragraph 2 of this Article may be extended for 6 more months by the Chief Public Prosecutor of the Republic of Macedonia.

(4) The suspect, his or her counsel and the injured party may complain to the higher public prosecutor in the event of any irregularities or delays of the investigation procedure. In such a case, the higher public prosecutor shall investigate the allegations in the complaint, and if he or she establishes that they are grounded, shall take any necessary measures for the completion of the investigation procedure or elimination of the irregularities.

Article 302

Notifying the suspect about the completion of the investigation procedure

(1) Prior to the expiry of the deadline as referred to in Article 301, the public prosecutor shall be obliged to deliver a notification of completion of the investigation procedure to the suspect and his or her counsel.

(2) Prior to the completion of the investigation procedure, the public prosecutor shall be obliged to examine the suspect, if he or she has not done that earlier.

(3) The notification shall contain a short description of the criminal offense that was the subject of the proceedings, the legal qualification, with an indication that all files from the investigation procedure conducted have been handed over to the records office at the Public Prosecution Office for safekeeping and that the suspect and his or her counsel shall have the right to review the files and evidence and copy them respectively.

(4) The notification shall contain a legal advice that within a period of 15 days from the receipt of the notification, the suspect has the right to file any documents, or other evidence and defense action files, or to request from the public prosecutor to collect certain evidence.

(5) The public prosecutor shall be obliged to disclose to the defendant all the evidence that was collected during the investigation procedure against him or her, as well as any exculpatory evidence that might be useful to the defense.

(6) In the event when, upon request by the suspect or his or her defense counsel, the public prosecutor is collecting certain evidence, this shall have to be completed within a period of 30 days from the day of submission of the request.

Article 303

Deadline for raising an indictment following the completion of the investigation procedure

(1) Following the completion of the investigation procedure and the expiry of the deadlines referred to in Article 302 of this Law, within a period of 15 days, the public prosecutor shall be obliged either to file an indictment or to terminate the procedure.

(2) This deadline may last up to 30 days for criminal offenses that fall within the category of organized crime.

Article 304

Termination of the investigation procedure

(1) The public prosecutor shall terminate the investigation procedure with a decision, if he or she establishes that:

- the offense that the suspect is accused of is not a crime that is being prosecuted ex-officio;
- the statute of limitation on criminal prosecution applies or the offense is subject of an act of amnesty or pardon;
- there are other circumstances that exclude any further criminal prosecution; or
- there is no evidence that the suspect committed the crime.

(2) If the suspect is in detention, he or she shall be released immediately.

(3) The termination order shall be delivered to the suspect and the injured party, with proposition that the injured party may file an objection with the immediate higher public prosecutor within eight days.

(4) If the appeal is not permissible or untimely, the immediate higher public prosecutor shall inform the injured party thereof in writing.

(5) The immediate higher prosecutor, within 30 days after the receipt, shall have to rule on the objection filed by the injured party.

(6) Acting on the objection, the higher public prosecutor may confirm the order for termination of the investigation procedure by means of a decision, or may sustain the objection and oblige the lower public prosecutor to continue the procedure.

2. Defense actions

Article 305

Defense counsel's motions for evidence collection

During the procedure, the defense counsel may give suggestions to the public prosecutor on possible investigative actions for the purpose of collecting specific evidence.

Article 306

Evidence collection by the defense

(1) The defense counsel may undertake actions in order to find and collect evidence that would be beneficial to the defense case.
(2) The authority as referred to in paragraph 1 of this Article may be utilized by the defense counsel throughout the entire procedure.
(3) Any actions as referred to in paragraph 1 of this Article may be conducted by the defense counsel, his or her deputy, authorized private detectives and if a specific specialty is needed, by the technical advisors.

Article 307
Conversations, taking statements and collecting information by the defense counsel

(1) In order to collect information, the defense counsel may talk to persons who may present circumstances that might be useful for the defense case, except with the victim and the injured party.
(2) The defense counsel may ask the person whom he or she speaks with to provide a written statement or a report, which shall be recorded in a manner as stipulated in Articles 91 and 92 of this Law.
(3) The defense counsel shall inform the persons as referred to in paragraph 1 of this Article about the following:
- his or her personal capacity and the nature of the conversation;
- if the intention is just to have a conversation or to get statements and information, then he or she shall indicate the manner and form in which they will be recorded;
- their right to choose not to respond or to refuse to give any statements; and
- the prohibition to disclose the questions asked by the police or by the public prosecutor and the answers provided.

(4) Any person who has been already interviewed or examined by the judicial police or the public prosecutor may not be asked to provide information about the questions asked and answers provided.
(5) Any statements or information obtained through violation of paragraphs 1, 2, 3 and 4 of this Article may not be used.
(6) For the purpose of getting statements or information from a person in detention, the defense counsel shall have to get a special approval by the preliminary procedure judge, but only after the person has had a conversation with his or her defense counsel and has been examined by the public prosecutor.
(7) The defense counsel shall stop collecting data from the defendant or a person who has not been accused, if he or she establishes that the provided statement is a self-incriminating one or if it may be a reason for criminal prosecution. These statements may not be used against the person who provided them.
(8) If a person who can provide information useful to the defense refuses to give any information, the defense counsel may ask the public prosecutor to summon the person for questioning. This shall not be applicable for suspects or defendants in the same procedure. Such an examination shall be conducted in the presence of the defense counsel who shall be the first one to ask questions.
(9) The defense counsel may also ask for an evidentiary hearing to be held.

Article 308
Recording statements and information

(1) Any statement as referred to in Article 307, paragraph 2 of this Law, signed by the person who provided it, shall be certified by the defense counsel. The defense counsel shall compile a note that shall contain the following:
- the date when he or she got the statement;
- personal data on himself or herself and personal data of the person who provided the statement;
- acknowledgment of the fact that he or she considered the warning as referred to in Article 307, paragraph 3 of this Law; and
- the facts that have been noted in the statement.

(2) The statement shall be annexed to the defense case file.

(3) Any information as referred to in Article 307 of this Law shall be recorded by the defense counsel or another person replacing him or her.

Article 309

Access to private premises and premises closed to the public

If it is necessary to gain access to private premises or premises that are closed to the public, in a home and other premises connected to the home, and if the holders of those spaces are not willing to grant access, upon a motion by the defense counsel, such access shall be granted by the court with an elaborated order that shall provide for the access.

Article 310

Defense case files

The defense counsel may present any information and evidence in favor of the defense case directly to the public prosecutor and to the preliminary procedure judge.

Article 311

Possibilities for preparation of the defense case

(1) For the purpose of the defense, in accordance with the law, the defense counsel may ask for information and reports from state entities, local self-government bodies, legal and natural persons with public authority and other legal entities, asking for documents, files and reports to be delivered to him or her.

(2) Any entities as referred to in paragraph 1 of this Article shall act upon the request from the defense counsel within a period of 30 days from the day of receipt of the request, and if the procedure involves a detention measure, within 7 days from the day of receipt of the request, unless determined otherwise in another law.

(3) If the entities referred to in paragraph 1 of this Article, do not respond within the deadline as referred to in paragraph 2 of this Article, the defense counsel may ask from the preliminary procedure judge to order for the requested data to be delivered to him or her, i.e. from the court, during the main hearing.

(4) If the judge, i.e. the court acts upon the request made by the defense counsel referred to in paragraph 3 from this article, and the entities referred to in paragraph 1 of this Article do not respond to the request made by the court in the deadline prescribed in paragraph 2 of this Article, the court will issue a fine to the responsible, i.e. official representative person in the entities referred to in paragraph 1 of this Article in the amount from 2500 to 5000 Euro payable in Macedonian Denars.

3. Evidentiary hearing

Article 312

Situations when one might ask for an evidentiary hearing

(1) An evidentiary hearing may be held during the investigation procedure upon a motion by the suspect or the public prosecutor. The preliminary procedure judge, within 3 days, with a decision, shall rule on such a motion by the parties.

(2) An evidentiary hearing may be held in the following situations:

1) If it is likely that due to an illness or death, it shall not be possible to hear the witness at the main hearing;

2) If an expert’s report is required, and the evidence pertains to a person, object or location whose condition is susceptible to unavoidable changes; or

3) If there are concrete circumstances that indicate that the witness is exposed of violence, threats, promises for financial reward or other benefit, in order not to testify or to give a false testimony .

Article 313

Motion for an evidentiary hearing

Parties may move for an evidentiary hearing during the investigation procedure. The motion for an evidentiary hearing should specify the evidence that is proposed to be presented at the evidentiary hearing and the reason due to which the evidence cannot be presented during the main hearing.

Article 314
Rulings on the evidentiary hearing motion

The preliminary procedure judge, with a decision, within 3 days of the receipt of the motion for an evidentiary hearing shall decide whether to deny or grant the motion. In the decision granting the motion, the preliminary procedure judge shall specify the evidence that is to be presented at the evidentiary hearing and the date when the hearing is to be held, which shall have to take place within 10 days from the day of enactment of the decision granting the motion.

Article 315
Evidentiary hearing

(1) The evidentiary hearing shall be conducted by the preliminary procedure judge. The suspect and his or her defense counsel, the public prosecutor and the injured party shall be notified about the hearing.
(2) Any non-appearance by any of the parties who has been properly summoned, and did not justify the absence shall not prevent the evidentiary hearing to be held. The representative, i.e. the proxy of the injured party may also attend the hearing.
(3) If the suspect's defense counsel does not appear, the judge shall assign another counsel according to Article 74 of this Law.
(4) Any evidence shall be presented pursuant to the rules for presentation of evidence during the main hearing.
(5) The presentation of evidence may not be extended to facts that pertain to a suspect whose defense counsel is not present at the evidentiary hearing.
(6) If the presentation of evidence is not completed during a single hearing, the judge shall schedule another hearing within a period that shall not exceed seven days.

Article 316
Postponement of the evidentiary hearing

(1) The public prosecutor and the suspect may ask the preliminary procedure judge to postpone the evidentiary hearing, if one or more actions that are being taken as part of the investigation procedure would be endangered if the hearing is held.
(2) If the preliminary procedure judge approves the motion to postpone the evidentiary hearing, he or she shall also specify the date when the hearing is to be held, within a period that shall not exceed the one necessary to complete the required investigative actions.
(3) The public prosecutor and the suspect may move for a postponement of the evidentiary hearing only once.

Article 317
Forcible bringing of the suspect

(1) If the suspect fails to appear at the evidentiary hearing and does not justify his or her absence, the judge may order for the suspect to be brought in by force.
(2) If the suspect is in flight, one shall apply Article 391, paragraph 3 of this Law. The preliminary procedure judge shall enact a decision to hold an evidentiary hearing in absence of the suspect.

Article 318
Use of evidence presented at the evidentiary hearing

Any evidence presented during the evidentiary hearing may be used at the main hearing only against the defendant whose defense counsel was present during the presentation of evidence at the evidentiary hearing, unless he or she explicitly waived his or her right to a defense counsel.

SECTION B: ACCUSATION

Chapter XXII

INDICTMENT AND REVIEW OF THE INDICTMENT

Article 319

Tendering the indictment

(1) After the completion of the investigation procedure, when the public prosecutor establishes that there is enough evidence to expect a conviction, he or she shall prepare and tender the indictment to the competent court.

(2) The indictment shall be delivered to the competent court in so many copies as the number of suspects that the indictment refers to and their defense counsels and one additional copy for the court.

Article 320

Jurisdiction for review of the indictment

(1) In the event the public prosecutor establishes that there is sufficient evidence to expect a conviction for a crime that entails a prison sentence of up to ten years, the indictment review judge (an individual judge) shall be competent to conduct the review of the indictment.

(2) In cases when the conditions as referred to in paragraph 1 of Article 319 of this Law have been met, and the crime committed is one that entails a prison sentence of ten years or more, the indictment review chamber shall be competent to conduct the review of the indictment.

Article 321

Contents of the indictment

(1) The indictment shall contain the following:

1) The suspect’s first and last name with his or her personal data (Article 205) and data on whether and since when the person has been kept in detention or at liberty, and if the person has been released before raising the indictment, information on the time spent in detention;

2) A description of the act that indicates the presence of the legal attributes of the criminal offense, the time, the location and the manner of perpetration of the criminal offense, the object that was the subject of the criminal offense, and the means used to commit the criminal offense, as well as other circumstances that are necessary to establish the existence of the criminal offense as precise as possible;

3) The legal title of the criminal offense, with an indication of the provisions from the Criminal Code that have to be applied upon proposal by the plaintiff;

4) An indication of the court where the main hearing is to be held;

5) The evidence that the indictment is based upon;

(2) In addition to the indictment, the public prosecutor is to annex all the material evidence, minutes and recordings form the examination of the persons and a list of evidence that he or she moves to be presented during the main hearing.

(3) If the suspect is at large, in the indictment, one may move for a measure to ensure the person’s presence. If the suspect is in detention or house detention, the prosecutor shall be obliged to move for an extension of the detention or house detention or for the suspect to be released.

(4) Several criminal offenses or several suspects may be covered in a single indictment, only if it is possible to conduct a single procedure and pass a single judgment, pursuant to the provisions of Article 28 of this Law.

Article 322

Detaining the suspect

(1) If the indictment contains a proposal for the suspect to be detained, or to extend the previously imposed detention, or to release the suspect, or to impose a measure in order to ensure the presence of the suspect, the Chamber referred to Article 25, paragraph 5 shall rule on that issue immediately and within 24 hours at the latest.

(2) If the suspect is kept in detention, the indictment review chamber, upon proposal by the public prosecutor, within 24 hours from the day of the receipt of the indictment shall refer the

indictment to the Chamber referred to Article 25, paragraph 5 in order to find out whether the reasons for detention still exist and to enact a decision for extension or cancellation of the detention. Any appeal against this decision shall not prevent the enforcement of the decision.

Article 323
Technical deficiencies of the indictment

(1) If, after receiving the indictment, the individual judge or the indictment review chamber notices that the indictment contains obvious technical deficiencies, the indictment shall be returned to the public prosecutor.
(2) The public prosecutor shall be obliged to correct any deficiencies within a period of 3 days.

Article 324
Non-jurisdiction

If the individual judge or the indictment review chamber establishes that the criminal offense that is the object of the indictment falls within the subject-matter jurisdiction or territorial jurisdiction of another court, it shall declare itself non-competent and shall refer the case to the competent court, after the decision enters into full effect.

Article 325
Effecting service of an indictment

(1) The judge or the indictment review chamber shall serve the indictment to the suspect who is at large without any delay, and if the suspect is kept in detention, within 24 hours from the receipt of the indictment by the judge or the indictment review chamber.
(2) If the suspect has been detained with a decision by the preliminary procedure judge or the Chamber as referred to in Article 25, paragraph 5, the indictment shall be served to the suspect at the time when he or she is taken into custody, along with the detention decision.
(3) The judge or the indictment review chamber shall deliver the indictment to the suspect with an advice of his or her right to appeal against the indictment.

Article 326
Actions by the suspect after receiving the indictment

(1) After receiving the indictment, the suspect may:
1) file an objection against the indictment in accordance with Article 327 of this Law; or
2) file a guilty plea in accordance with Article 329 of this Law; or
3) submit a list of evidence that he or she proposes to be presented during the main hearing.
(2) The court is obligated without any delay to submit the list referred to in item 3, paragraph 1 of this Article to the public prosecutor.

Article 327
Objection against the indictment

(1) The suspect shall have a right to file a written objection against the indictment within 8 days from the receipt of the indictment.
(2) An objection against the indictment may also be filed by the suspect's defense counsel without an explicit authorization by the suspect, but not against his or her will.

Article 328
Review of the objection

(1) After the receipt of the objection, the judge or the indictment review chamber shall evaluate whether the objection has been timely and filed by an authorized person.
(2) Any untimely and inadmissible objection shall be dismissed with a decision.
(3) If the judge or the indictment review chamber does not enact a decision as referred to in paragraph 2 of this Article, he/it shall commence with the review of the indictment.

Article 329
A guilty plea

Within 8 days from the receipt of the indictment, the defendant may file a guilty plea with respect to all or certain counts, i.e. crimes contained in the indictment.

Article 330
Indictment review proceedings

(1) The indictment review judge shall perform the indictment review independently, whilst the indictment review chamber shall perform it at a session of the chamber.
(2) The judge or the indictment review chamber may also review the indictment at a hearing.
(3) A hearing for the review of the indictment shall be held when the judge or the indictment review chamber deems it necessary or when the suspect, in the objection filed against the indictment, has indicated his or her readiness to give a statement and plead guilty in regard to all or certain counts of the indictment.

Article 331
Session of the indictment review chamber

(1) The chamber shall schedule a session, within a period not longer than 8 days following the receipt of the objection against the indictment i.e. after the deadline for submission of an objection against the indictment has expired.
(2) At the session, the chamber shall evaluate the allegations in the objection against the indictment and the adequacy of the indictment with regards to the case file and the supplementing evidence provided by the public prosecutor.
(3) After the session, the Chamber may enact one of the decisions as referred to in Articles 336 and 337 of this Law.

Article 332
Indictment review hearing

(1) If the judge or the indictment review chamber believes it necessary to hold a hearing in order to review the indictment, it shall schedule a hearing within a period not longer than 15 days from the receipt of the objection against the indictment, i.e. after the deadline for submission of an objection against the indictment has expired.
(2) The public prosecutor, the suspect and the defense counsel, if the suspect has a defense counsel, shall be invited to the hearing. The invited parties shall be warned that if they fail to show up, although regularly summoned, the hearing shall still take place. If the invited parties have not been properly summoned, the hearing shall be postponed for 15 days.
(3) Upon exception from paragraph 2 of this Article, if the suspect could not have been served a summon due to a change of address, the hearing shall be held in his or her absence.

Article 333
Course of the hearing

(1) The public prosecutor shall briefly present the results of the investigation procedure, the evidence that the indictment is based on and which justifies its submission.
(2) The suspect and his or her defense counsel shall elaborate on the objection filed against the indictment, and if no objection has been filed, they may point out any exculpatory evidence, any weaknesses of the investigation or illegally obtained evidence, at the same time indicating which part of the indictment is being challenged. At the hearing, the defense may propose a list of evidence, requested to be presented at the main hearing.
(3) At the hearing, the suspect may give a statement and plead guilty with respect to all or certain counts of the indictment. In such an event, the hearing shall continue pursuant to the provisions of Article 334 of this Law.
(4) The public prosecutor and the defense counsel may respond to the submissions by the opposite party only once.
(5) The judge or the indictment review chamber shall declare an adjournment of the hearing if the judge or the indictment review chamber believes that it can make a ruling with respect to the adequacy of the indictment.

Article 334
Course of the hearing in the event of a guilty plea

(1) If the suspect who has a defense counsel, gives a statement and pleads guilty with respect to all or certain counts of the indictment, or if he or she pleaded guilty at the hearing, the judge or the indictment review chamber shall check the following:
   1) whether the guilty plea has been given voluntarily, advisedly and with full understanding of the consequences, including the consequences related to any property-legal claim and the expenses of the criminal proceedings; and
   2) whether there is sufficient evidence to prove the suspect's guilt.

(2) The statement of admission of guilt, i.e. the guilty plea shall be entered into the record.

(3) If the judge or the indictment review chamber accepts the guilty plea, upon a motion by the suspect and his or hers defense counsel or upon a motion by the public prosecutor, it shall be possible to ask for postponement of the hearing in order to conduct a plea bargaining procedure and file a plea bargaining agreement in accordance with the provisions of Article 483 to Article 490 of this Law.

(4) In the event of a motion as referred to in paragraph 3 of this Article, the judge or the indictment review chamber shall postpone the hearing for a period of 15 days and set the date for the next hearing.

(5) If the judge or the indictment review chamber does not accept the guilty plea, the judge or the chamber shall note that in the record, inform the present parties accordingly and the indictment review hearing shall continue.

(6) The guilty plea, i.e. the record that contains the guilty plea, which was not accepted by the judge or the indictment review chamber, may not be used as evidence in the further criminal proceedings. The judge or the indictment review chamber shall make sure that the motion, i.e. the record with the guilty plea is placed in a separate file and kept apart from the case file.

Article 335
Filing a plea agreement motion

(1) If, at the plea bargaining motion hearing, the public prosecutor and the suspect and his or her defense counsel file a motion for a plea bargaining agreement, with elements as provided for in Article 485 of this Law, the judge or the indictment review chamber shall review the proposed plea agreement.

(2) If the judge or the indictment review chamber accepts the plea bargaining agreement, it shall enact a decision pursuant to Article 490 of this Law.

(3) If the judge or the indictment review chamber does not accept the plea bargaining agreement, it shall enact a decision for non-acceptance of the plea-bargaining agreement and it shall rule relative to the indictment.

(4) Any plea bargaining agreement that was not accepted may not be used as evidence in the further criminal proceedings. The judge or the indictment review chamber shall make sure that the record with the guilty plea and the proposed plea bargaining agreement are placed in a separate file and kept apart from the case file, as referred to in Article 334, paragraph 6 of this Law.

Article 336
Review of the indictment

(1) The judge or the indictment review chamber shall review the adequacy of the indictment in respect of all counts, if the suspect did not plead guilty in the objection against the indictment, or if the plea of guilty was not accepted.

(2) The judge or the indictment review chamber shall review only certain counts of the indictment, if, on the basis of an accepted motion for a plea bargaining agreement, the indictment review chamber, relative to certain counts of the indictment has ruled as referred to in Article 490 of this Law.

(3) In reviewing the indictment, the judge or the indictment review chamber shall review the indictment from the point of view of the allegations listed in the objection against the indictment, the case file and any evidence submitted in support of the indictment.

(4) If the judge or the indictment review chamber, ex-officio or upon a motion by the defense, establishes that the case file includes evidence as referred to in Article 12, paragraph 2 of this Law, the judge or the indictment review chamber shall enact a decision to separate them from the rest of the case file. The judge or the indictment review chamber shall make sure that any separated evidence is sealed in a separate envelope and kept by the preliminary procedure judge. Any separated evidence may neither be reviewed, nor used in the procedure.

(5) An appeal with the chamber of the higher court shall be allowed against the decision for separation of evidence.

(6) If the indictment has been approved in respect of certain counts, the judge or the indictment review chamber shall enact a decision for separation of the proceedings in regards to those criminal offenses or those suspects in respect to which the indictment has been confirmed.

(7) The judge or the indictment review chamber, when approving all or certain counts of the indictment, with a separate decision shall also rule on any motions for joiner or separation of the procedure. A separate appeal shall not be allowed against this decision.

Article 337
Grounds for rejection of the indictment as an ungrounded one

(1) The judge or the indictment review chamber, with a separate decision, shall reject the indictment as being ungrounded with regards to all or certain counts, if it establishes that:

1) the offense that is an object of the indictment is not a criminal offense;

2) there are circumstances that exclude any criminal liability, and there are no grounds for applying security measures;

3) there is no request by an authorized plaintiff, a motion by the injured party or approval by a competent state entity, if this is required pursuant to the law, or that there are circumstances that would exclude prosecution; or

4) there is insufficient evidence in support of the indictment.

(2) When the judge or the indictment review chamber enacts a decision as referred to in paragraph 1 of this Article, he/it will return the case file to the public prosecutor.

Article 338
Rationale of the indictment admissibility decision

(1) The decision by which the judge or the indictment review chamber partially or entirely approves the indictment shall have to be elaborated. The rationale must not contain any prejudice relative to the issues that are going to be deliberated and evaluated at the main hearing.

(2) When enacting the decision for approval of the indictment, the judge or the indictment review chamber shall not be bound by the legal qualification of the offense, indicated by the public prosecutor in the indictment.

Article 339
Indictment admissibility clause

If an objection against the indictment has not been filed, and the judge or the indictment review chamber did not establish the need for a hearing, following the expiry of a period of 8 days from the act of delivery of the indictment to the suspect, the judge or the indictment review chamber shall approve the indictment with an admissibility clause.

Article 340
Right of an appeal by the public prosecutor

The public prosecutor may appeal the decision of the judge or the indictment review chamber, by which the judge or the chamber declared itself to be non-competent or found the indictment to be ungrounded with respect to all or certain counts, before the chamber of the higher court.

Article 341
Withdrawing the indictment

(1) The public prosecutor may withdraw the indictment, prior to the enactment of the decision on its approval.
(2) Following the withdrawal of the public prosecutor as referred to in paragraph 1 of this Article, the judge i.e. the indictment review chamber shall enact a decision for termination of the procedure, immediately informing the suspect and his or her defense counsel thereof.
(3) The decision on termination of the procedure referred to in paragraph 2 of this Article shall be delivered to the injured party with an advice that he or she may appeal the decision with the immediate higher public prosecutor within a period of 8 days.

Article 342
Cohesion privilege (*Beneficium cohaesionis*)

If there are several suspects, but only a few of them filed an objection against the indictment, whilst the reasons due to which the judge or the indictment review chamber found the indictment to be ungrounded also benefit some of the suspects who did not file an objection, the judge or the indictment review chamber, *ex-officio*, shall proceed as if they also filed an objection.

Article 343
Entering of the indictment into legal force

The indictment shall enter into legal force on the day of enactment of the decision for its approval, i.e. on the day of the entry of the indictment admissibility clause.

Article 344
Referral to trial

(1) The indictment, the decision on its approval, any material evidence submitted and the list of evidence suggested by the parties to be presented, shall be delivered to the competent court.
(2) Any records and recordings from the examination of any persons shall be returned to the public prosecutor.

SECTION C: MAIN HEARING AND THE VERDICT

Chapter XXIII
PREPARATIONS FOR THE MAIN HEARING

Article 345
Scheduling of the main hearing

(1) The Presiding Judge of the Trial Chamber shall determine the day, time and the location of the main hearing by means of an order.
(2) The Presiding Judge of the Trial Chamber shall schedule the main hearing within a period of 30 days from the date of receipt of the indictment at the court at the latest and for offenses that belong to organized crime within 60 days from the date of receipt of the indictment at the court at the latest. If the Presiding Judge of the Trial Chamber does not schedule the main hearing within this deadline, he or she shall inform the President of the Court in writing about the reasons due to which the main hearing was not scheduled. The President of the Court shall take measures as required, in order to schedule the main hearing.
(3) If the Presiding Judge of the Trial Chamber establishes that the case file includes records or notifications as referred to in Article 94 of this Law, he or she shall enact a decision for their separation, before scheduling the main hearing, and after the decision comes into full effect, he or she shall separate them in a separate file and hand them over to the competent public prosecutor, so that they can be kept apart from the other filings.

Article 346
Location of the main hearing

(1) The main hearing shall be held at the court seat and in the court building.
(2) In the event that the facilities at the court building are not suitable for the main hearing, the President of the Court may specify for the main hearing to be held in another building.

(3) The main hearing may also take place at another location on the territory that is under the jurisdiction of the competent court, if allowed by the President of the higher court upon an elaborated proposal by the President of the Court.

Article 347
Rejection of tendered evidence

(1) The Presiding Judge of the Trial Chamber may reject any tendered evidence:
1) if the proposal refers to a manner of gathering evidence that is prohibited by law, to evidence whose use is not allowed by the law or to a fact that cannot be proven under the law (unlawful proposal);
2) if it is unclear, incomplete or aimed towards a significant postponement of the procedure; or
3) if the facts that need to be established according to the proposal are not relevant to the decision making, i.e. if there is no connection between the facts that need to be established and the decisive facts, or if such a connection cannot be established due to legal reasons (irrelevant proposal) .

(2) The Presiding Judge of the Trial Chamber may summon the parties to appear before the court on a specific date in order to elaborate their proposals i.e. their objections in regard to any proposed evidence.

(3) The decision rejecting the proposal for presenting evidence must be elaborated. Upon proposal from the parties, the Trial Chamber may alter or withdraw this decision in the later stages of the procedure.

Article 348
Summoning persons at the main hearing

(1) The defendant and his or her defense counsel, the plaintiff and the injured party and their legal representatives and proxies, as well as an interpreter shall be summoned to the main hearing. In addition, any witnesses, expert witnesses and technical advisors, proposed by the plaintiff in the indictment, i.e. by the defendant in the objection to the indictment or in a separate brief as referred to in Article 326 of this Law shall be summoned to the main hearing, except the ones that are going to be overruled by the Presiding Judge of the Trial Chamber as referred to in Article 347 of this Law. At the main hearing, the plaintiff and the defendant shall have the right to repeat their motions that have been previously overruled by the Presiding Judge of the Trial Chamber.

(2) The provisions of Articles 11 and 145 of this Law shall be applicable in respect of the contents of the court summons for the persons as referred to in paragraph 1 of this Article. If the presence of a defense counsel is not mandatory, in the summons, the defendant shall be advised of his or her right to a defense counsel, but also informed about the fact that the main hearing shall not be adjourned because of non-appearance of the defense counsel at the main hearing or because the defendant appointed a defense counsel only at the main hearing.

(3) The defendant shall be served with the summons so that there is enough time between the service of the summons and the main hearing date to prepare the defense case, or at least eight days. Upon request by the defendant or the plaintiff, and with the defendant's consent, this deadline may be reduced.

(4) In the summons, the court shall inform any injured parties that are not invited as witnesses, that the main hearing shall be held regardless of their absence, whilst reading their property or legal claim statement.

(5) In the summons, the private plaintiff shall be forewarned that it will be considered as if he or she has dropped the charges if they fail to appear at the main hearing, or fail to send their legal representative.

(8) In the summons, the defendant, the defense counsel, the witness and the expert witness shall be forewarned about the consequences of non-appearance at the main hearing (Articles 365 and 368 of this Law).

Article 349
Additional judges and lay judges

If it is likely for the main hearing to last longer, the Presiding Judge of the Trial Chamber may ask the President of the Court to assign one or two judges, i.e. lay judges, to attend the main hearing and replace any members of the Trial Chamber if they are prevented from attending the hearing.

Article 350
Examination of witnesses outside the court

(1) If it is learned that some witness, who has been summoned to the main hearing, but not examined yet, will not be able to attend the main hearing because of prolonged illness or immovability, the witness may be examined at his or her current location.
(2) The Presiding Judge of the Trial Chamber or a judge – member of the Trial Chamber shall examine the witness i.e. the expert witness and take his or her oath as necessary, or the examination of the witness shall be conducted through the judge of the preliminary procedure of the court which has jurisdiction over the witness.
(3) The parties and the defense counsel shall be informed about the time and location of the examination, and the injured party shall be informed if possible, considering the urgency of the proceedings. If the defendant is held in detention, the Presiding Judge of the Trial Chamber shall decide on the need for his or her presence at the hearing. When the parties and the injured party are present at the hearing, they shall have the rights as referred to in Article 219, paragraph 7 of this Law.

Article 351
Postponement of the main hearing

(1) Upon an elaborated motion by the parties, the Presiding Judge of the Trial Chamber may postpone the date for the main hearing by means of a decision.
(2) The main hearing may be also postponed ex-officio due to health related or other justified reasons.
(3) The reasons for the postponement and the explanation hereof shall be entered in the postponement order, i.e. the record.

Article 352
Termination of the procedure prior to the commencement of the main hearing after the plaintiff has dropped the charges

If the plaintiff withdraws the indictment before the commencement of the main hearing, the Presiding Judge of the Trial Chamber shall discontinue the criminal proceedings with a decision and shall deliver the decision to the parties and the injured party, informing any persons who have been summoned to the main hearing thereof, if the main hearing has already been scheduled.

Chapter XXIV

MAIN HEARING
1. Principle of publicity of the main hearing
Article 353
Publicity of the main hearing

(1) The main hearing shall be open to the public.
(2) Only persons of age may attend the main hearing.
(3) Any persons attending the main hearing shall not be allowed to carry weapons or dangerous utensils, other than the members of the judicial police, the police and the service for escort and security of the defendants from the penal and correctional institutions.

Article 354
Exclusion of the public

At any moment, from the beginning of the session until the end of the main hearing, ex-officio, or upon a motion by the parties or the injured party, the Trial Chamber may exclude the public from a part of the main hearing or during the entire main hearing, if that is necessary in order to protect a state, military, official or an important business secret, preserve public order, protect the privacy of

the defendant, witness or injured party, protect the safety of the witness or the victim and/or to protect the interests of a juvenile person.

Article 355
Persons that the exclusion of the public does not refer to

(1) The exclusion of the public shall not refer to the parties, injured party, their legal representatives and proxies, as well as to the defense counsel, except in cases as determined by law.
(2) At the main hearing where the public has been excluded, the Trial Chamber may allow for the presence of certain officials, scientific and public workers, and upon a motion by the defendant, this may be allowed for his or her spouse, i.e. illegitimate partner and close relatives of the defendant as referred to in Article 353, paragraph 2 of this Law.
(3) The Presiding Judge of the Trial Chamber shall forewarn the persons who are present at the main hearing, during which the public has been excluded, about their obligation to keep as a secret anything they have learned during the hearing and indicate that letting out secrets represents a criminal offense.

Article 356
Decision for exclusion of the public

The Trial Chamber shall rule on the exclusion of the public with a decision, which has to be elaborated and publicly pronounced.

2. Managing the main hearing
Article 357
Compulsory presence at the main hearing

(1) The continuous presence at the main hearing shall be compulsory for the Presiding Judge and the members of the Trial Chamber, as well as for the judges and lay judges as referred to in Article 26 of this Law.
(2) The Presiding Judge of the Trial Chamber shall have the duty to establish whether the Trial Chamber is composed pursuant to the law and whether there are any reasons that might call for exclusion of any of the members of the Trial Chamber or the court recorder (Article 33, items 1, 2, 3, 4 and 5 of this Law).

Article 358
Responsibilities of the Presiding Judge of the Trial Chamber

(1) The Presiding Judge of the Trial Chamber shall preside over the main hearing.
(2) It shall be the duty of the Presiding Judge of the Trial Chamber to ensure comprehensive deliberations on the case and to eliminate anything that might delay the proceedings and does not serve the purpose of clarifying the issues.
(3) The presiding judge shall rule on any motions by the parties, if such motions are not ruled upon by the Trial Chamber.
(4) The Trial Chamber shall rule on any motions for which there is no agreement between the parties and motions that have been agreed between the parties, but overruled by the presiding judge.
(5) The trial chamber’s decisions shall always be pronounced and entered into the record with a brief rationale.

Article 359
Course of the main hearing

(1) The main hearing shall be uninterrupted and it shall follow the course as determined by this Law. If it is not possible to complete the main hearing during a single session, the presiding judge shall decide for the main hearing to be continued the following working day.
(2) The presiding judge may decide to digress from the regular course of events during the hearing due to special circumstances, and in particular owing to the number of defendants, number of criminal offenses and volume of evidence.

Article 360
Maintaining order in the courtroom

(1) The Presiding Judge of the Trial Chamber shall have the duty to ensure that the order in the courtroom and the dignity of the court are being maintained. Immediately after opening the session, the presiding judge shall instruct any persons present at the main hearing to behave decently and not obstruct the work of the court. The presiding judge may order a search of any person present at the main hearing.

(2) The Trial Chamber may order certain persons, who have been attending the main hearing as observers, to be removed from the session, if they continue to obstruct the main hearing even after being warned.

(3) Film and television recording shall not be allowed inside the courtroom. As an exception, the President of the Supreme Court of the Republic of Macedonia may allow such recording at a specific main hearing. If the recording has been approved, due to justified reasons, the Trial Chamber can still decide for specific parts of the main hearing not to be recorded.

Article 361
Punishment for violations of the order and discipline

(1) The Presiding Judge of the Trial Chamber shall forewarn any public prosecutor, defendant, defense counsel, injured party, legal representative, proxy, witness, expert witness, translator, i.e. interpreter or any another person who attends the main hearing and disturbs the order or does not yield to the orders of the presiding judge for the purpose of maintaining the order. If such a warning is ineffective, the Trial Chamber may order for the defendant to be removed from the courtroom, whilst all other persons present may not just be removed, but the Trial Chamber may also impose a fine as provided for in Article 88, paragraph 1 of this Law.

(2) Following a decision by the Trial Chamber, the defendant may be removed from the courtroom for a certain time, and if he or she disturbs the order at the main hearing again, the defendant shall be removed for the remainder of the duration of the evidentiary hearing. Before the evidentiary proceeding is over, the Presiding Judge of the Trial Chamber shall summon the defendant and inform him or her about the course of the main hearing. If the defendant continues to disturb the order and insults the dignity of the court, the Trial Chamber may remove him or her from the session again. In such an event, the main hearing shall be completed in the absence of the defendant, and he or she shall be notified about the judgment by the Presiding Judge or a member of the Trial Chamber, in the presence of the court recorder.

(3) The Trial Chamber may deprive the defense counsel or the proxy from any further defense, i.e. representation at the main hearing, if, after being fined, he or she continues to disturb the order. In such an event, the party shall be invited to appoint another defense counsel i.e. proxy. If it is not possible for the defendant or the injured party to do so immediately, without any detriment to their interests, or, if a new defense counsel or a proxy may not be appointed immediately in a case of mandatory defense, the main hearing shall be adjourned or postponed, and the defense counsel, i.e. the proxy shall be ordered to pay all the expenses incurred as a result of the adjournment or postponement.

(4) If the Court removes the private plaintiff or his or her legal representative from the courtroom, the main hearing shall continue in their absence, but the court shall advise them about their right to a proxy.

(5) If the public prosecutor disturbs the order, the presiding judge shall inform the basic public prosecutor thereof, and he or she may also adjourn the main hearing and ask the basic public prosecutor to assign another person to plead the prosecution case.

(6) Whenever the court penalizes an attorney who has disturbed the order, it shall inform the Bar Chamber of the Republic of Macedonia accordingly.

(7) An appeal with the higher court shall be allowed against the penalizing decision.

(8) Any specific appeal against other decisions that pertain to maintaining the order and presiding over the main hearing shall not be allowed.

Article 362
Criminal offense committed at the main hearing

(1) If a defendant commits a criminal offense at the main hearing, the proceedings shall continue pursuant to the provisions of Article 393 of this Law.

(2) If someone else commits a criminal offense during the main hearing, the Trial Chamber may adjourn the main hearing and, following a verbal accusation by the plaintiff, it may adjudicate relative to the criminal offense committed immediately, or it may do so, after the completion of the already commenced main hearing.

(3) If there are grounds for suspicion that a witness or an expert witness has given a false statement at the main hearing, this shall be a criminal offense that cannot be adjudicated immediately. In such an event, the presiding judge may order for a separate record to be compiled relative to the statement by the witness, i.e. expert witness, which shall be delivered to the public prosecutor. The witness or expert witness under examination shall sign this report.

(4) The competent public prosecutor shall be informed if it is not possible for the perpetrator of the criminal offense that is being prosecuted ex officio to stand trial immediately, for the purpose of any further proceedings.

3. Preconditions for the main hearing
Article 363
Opening of the session

The Presiding Judge of the Trial Chamber shall open the session and call the case of the main hearing and announce the composition of the Trial Chamber. Afterwards, the presiding judge shall establish the presence of all summoned persons, and if they are not present, he or she shall check whether they have been summoned properly and whether they have justified their absence.

Article 364
Non-appearance of the plaintiff at the main hearing

(1) The main hearing shall be postponed and the public prosecutor shall be punished with a fine as referred to in Article 89 of this Law, if the public prosecutor, although regularly summoned, fails to appear at the main hearing that has been scheduled on the basis of an indictment tendered by the public prosecutor and he or she does not inform the court about the reasons of his or her unavailability.

(2) If either the private plaintiff, or his or her legal representative, fails to appear at the main hearing, although regularly summoned, the Presiding judge of the Trial Chamber or the individual judge shall adjourn the proceedings with a decision.

Article 365
Non-appearance of the defendant at the main hearing

(1) If the defendant is regularly summoned, but fails to appear at the main hearing, and fails to justify his or hers absence or he or she may not be effected service, and the circumstances clearly show that he or she is avoiding to receive the summons, the Trial Chamber shall order for the defendant to be brought before the court forcibly, as referred to in Article 157 of this Law. If the defendant cannot be brought immediately, the trial chamber shall decide to cancel the main hearing and order for the defendant to be brought before the court forcibly at the next hearing. If the defendant justifies the absence before he or she is brought before the court, the presiding judge shall cancel the order for forcible bringing of the defendant.

(2) If it is obvious that the defendant who has been regularly summoned avoids to appear at the main hearing, or if the Court has already made two attempts for his or her proper summons, and all circumstances show that he or she is obviously avoiding to receive the summons, the Trial Chamber may order for the person to be detained, in accordance with Article 165, paragraph 1, item 4 of this Law.

(3) The defendant may be tried in his or her absence only if he or she has fled or is otherwise inaccessible to the state institutions, in the event when there are especially important reasons for the person to be tried, although he or she is absent.

(4) Upon a motion by the plaintiff, the Trial Chamber shall enact a decision to try the defendant in his or hers absence. Any appeal shall not prevent the enforcement of the decision.

Article 366
Non-appearance of the defense counsel at the main hearing

If the defense counsel fails to appear at the main hearing, although regularly summoned, and fails to inform the court about the reasons thereof, as soon as he or she becomes aware of those reasons, or if the defense counsel leaves the main hearing without an approval, and there is no possibility to assign a new counsel immediately without any detriment to the defense, upon a motion by the defendant, the main hearing shall be postponed, but it can also be held in the absence of a defense counsel, if the defense is not mandatory. In the event of a postponement, the Trial Chamber shall decide, with a decision, for the defense counsel to bear all the expenses that have been incurred as a result of the postponement, if he or she can be considered responsible.

Article 367
Holding a main hearing regardless of the non-appearance of the defendant or the absence of the defense counsel

If, pursuant to the provisions of Articles 70, 71 and 77 of this Law, the conditions are met to postpone the main hearing due to non-appearance of the defendant i.e. due to the absence of the defense counsel, the Trial Chamber may still decide for the main hearing to be held, if, considering the evidence to be found in the case file, it is obvious that the Trial Chamber would have to pass a verdict, whereby rejecting the charges.

Article 368
Non-appearance of a witness or an expert witness at the main hearing

(1) If a witness or an expert witness fails to appear, although he or she has been regularly summoned, or obviously avoids appearing at the main hearing, the Trial Chamber may order for the person to be brought before the court forcibly and immediately.
(2) The main hearing may commence in the absence of a summoned witness or an expert witness, and in such an event, during the main hearing, the Trial Chamber shall decide whether to adjourn or postpone the main hearing, due to the absence of the witness or expert witness.
(3) The Trial Chamber may punish any witness or expert witness, who has been regularly summoned but did not justify his or her absence, with a fine as provided for in Articles 224 and 237 of this Law, and it can order for the person to be brought at the new hearing forcibly. If justifiable, the Trial Chamber may withdraw the penalty decision.

Article 369
Examination of a witness or an expert witness through a telephone or videoconference

A witness or an expert witness may be examined through a telephone or videoconference when he or she is located on the territory of another country.

4. Postponement and adjournment of the main hearing
Article 370
Reasons for postponement of the main hearing

(1) The Court shall decide on the postponement or adjournment of the main hearing.
(2) Apart from the cases specially provided for in this Law, upon a motion by the parties, defense counsel or ex officio, the main hearing shall be postponed with a decision by the Presiding Judge of the Trial Chamber, if a longer time period is necessary to collect new evidence, or, if during the main hearing it is determined that after the criminal offense has been committed, the defendant became mentally ill or mentally incoherent, or if there are other serious inhibitions for the main hearing to be held.
(3) The main hearing shall be postponed only for a time period equal to the duration of the inhibition i.e. the reasons that caused the postponement, and the Presiding Judge of the Trial Chamber shall be obliged to inform the President of the Court, each subsequent month,

whether the reasons for the postponement still exist or not. The President of the Court shall take any required measures, in order to speed up the proceedings.

(4) As a rule, the date and time for the continuation of the main hearing shall be specified in the decision for the postponement of the main hearing. The presiding judge shall use the same decision to order proper safeguarding of the evidence, which may be lost or destroyed because of the postponement of the main hearing.

(5) An appeal against the decision as referred to in paragraph 4 of this Article shall not be allowed.

Article 371

Continuance of a postponed main hearing

(1) If the main hearing that has been postponed takes place before the same judge i.e. Trial Chamber, the hearing shall continue. The presiding judge may decide for the main hearing to begin afresh.

(2) The main hearing shall start from the very beginning if the individual judge or the composition of the Trial Chamber has changed. With the parties' consent, the Trial Chamber may decide not to examine certain witnesses and expert witnesses again, but to read their statements that have been put on record during the previous main hearing.

(3) If the delay lasted for more than 90 days the main hearing shall have to start from the very beginning and all the evidence shall have to be presented again. After hearing the parties, the judge i.e. the Trial Chamber may decide not to examine the witnesses and expert witnesses again, but to read their statements that have been put on record during the previous main hearing.

(4) In the event when the presence of the defense counsel is compulsory, the defendant has cancelled the proxy during the main hearing or it has been cancelled by the defense counsel, if he or she fails to appear at the main hearing for no apparent reason or leaves the proceedings early, the presiding judge shall immediately oblige the defendant to appoint another defense counsel and provide a period of at least 15 days for the preparation of the defense case, and the main hearing shall continue afterwards. In the further course of the main hearing, a repeated cancellation or revocation of the proxy shall be only allowed with a decision by the Trial Chamber, if established that it is not being done in order to delay the proceedings.

(5) If the defendant gives power of attorney to a new defense counsel apart from the cases as referred to in paragraph 4 of this Article, the main hearing shall continue without any delay.

Article372

Adjournment of the main hearing

(1) Apart from the cases provided for in this Law, the judge i.e. the President of the Trial Chamber may adjourn the main hearing for pause and rest or because of the end of working hours, or in order to collect certain evidence in a short period of time or for the purpose of preparation of the prosecution case or the defense case.

(2) Any recess of the main hearing shall always resume before the same judge, i.e. Trial Chamber.

(3) If it is not possible for the main hearing to be resumed before the same judge i.e. Trial Chamber, or if the main hearing was in recess for longer than eight days, it shall be proceeded according to the provisions of Article 371 of this Law.

Article 373

Re-commencement of the main hearing in the event of modifications to the indictment

(1) If, during a main hearing before a Trial Chamber composed of one judge and two lay judges, the indictment is modified for a criminal offense that should be tried by a Trial Chamber composed of two judges and three lay judges, the Trial Chamber shall be complemented and the main hearing shall commence from the beginning.

(2) Even without the consent by the parties, i.e. the defense counsel, however, after they have been heard, the Trial Chamber may decide not to examine certain witnesses and expert witnesses, but to read the examination records for those witnesses and expert witnesses.

5. Record of the main hearing

Article 374

Manner of keeping the record of the main hearing

(1) An audio recording or a visual-audio recording shall be made of the course of the proceedings at the main hearing.

(2) At the beginning of the hearing, the President of the Chamber shall inform the present parties and all other participants in the procedure that the discussion is being recorded and that the recording is an audio or audio-visual recording of the hearing.

(3) In cases when there are no technical conditions to do the audio or visual-audio recording of the course of the proceedings at the main hearing, the President of the Chamber may order for a stenographer's record to be maintained.

(4) Within 48 hours of the main hearing, the stenographer's record of the main hearing shall be decoded and reviewed, signed by the person that is maintaining it, the parties, the individual judge, i.e. the Presiding Judge of the Trial Chamber and annexed to the rest of the case file.

(5) The audio or the visual-audio recording of the proceedings at the main hearing is part of the court case, which is included into the automated case management information system (ACMIS).

(6) The audio or the visual-audio recording must not be made public, broadcasted or to be used for aims and purposes outside of the criminal procedure.

(7) The parties and the defense counsel shall have the right to get a copy of the audio or visual-audio recording or the stenographer's record within three days of the main hearing, in a hard copy or an electronic format. The copy of the recording shall be provided immediately, and not later than 24 hours.

Article 375

Entering the verdict into the record

(1) The entire pronouncement of the verdict shall be put on the main hearing record, with an indication that the verdict was publicly declared. The pronouncement of the verdict, contained in the main hearing record shall represent the authentic script.

(2) If a detention decision is enacted, it shall also be put on the main hearing record.

6. Commencement of the main hearing

Article 376

Entrance of the judge, i.e. the Trial Chamber into the courtroom

(1) The parties and everybody else present in the courtroom shall meet the trial chamber standing.

(2) The parties and any other participants in the proceedings shall be obliged to rise when addressing the court, except if there are justified reasons for the contrary.

(3) In the courtroom that houses the main hearing, the parties shall sit across the presiding judge of the trial chamber as follows: the defendant and his or her defense counsel on his or her left, and the public prosecutor or the authorized plaintiff, the injured party and his or her legal representative, on his or her right-hand side.

(4) The defendant, any witnesses and expert witnesses shall be examined at a position located on the right-hand side of the presiding judge, and they shall be turned towards the prosecutor and the defendant.

Article 377

Requirements for the main hearing

After the presiding judge establishes that all summoned persons have appeared for the main hearing, or when the Trial Chamber decides that the main hearing may commence in the absence of some of the summoned persons, the presiding judge shall call the defendant and take his or hers personal data in order to establish his or her identity.

Article 378

Establishing the identity of the defendant and giving instructions

(1) After the identity of the defendant has been established, the Presiding Judge of the Trial Chamber shall direct the witnesses to the position provided for them, where they shall wait until called for examination. Any expert witnesses may stay in the courtroom and they can follow the course of the main hearing.
(2) All defendants shall remain in the courtroom for the entire duration of the main hearing.
(3) If the private plaintiff has to be examined as a witness, he or she shall not be removed from the courtroom.
(4) The Presiding Judge of the Trial Chamber may undertake any necessary measures in order to prevent any consultations and arrangements amongst the witnesses, expert witnesses and the parties.

Article 379
Opening statements by the parties

(1) The main hearing shall commence with opening statements by the parties. The plaintiff shall speak first, followed by the defense counsel or the defendant.
(2) The defendant shall have the right not to give an opening statement.
(3) In their statements, the parties may present which are the decisive facts they intend to prove, they may speak about the evidence that will be presented and establish the legal issues that are going to be subject of deliberation. Presentation of facts regarding any prior convictions of the defendant shall not be permitted as part of the statements.
(4) In their opening statements, the parties shall not be allowed to comment on the allegations and proposed evidence by the other party.
(5) If the injured party or his or her legal representative is present, they shall give notice of any legal or property claims.
(6) The Presiding Judge of the Trial Chamber may introduce a time limit for the duration of the opening statements by the parties.

Article 380
Advising the defendant about his or hers rights and possible guilty plea

(1) Following the opening statement by the plaintiff, the presiding judge shall ask the defendant if he or she understands the accusation, and if convinced that the defendant does not understand the accusation, the judge shall briefly present the contents of the accusation again, in the most understandable manner for the defendant.
(2) The presiding judge shall advise the defendant of his or her right to keep silent or give a statement and shall instruct him or her to carefully follow the course of the main hearing, indicating that he or she has the right to present evidence in his or her defense, to put questions to co-defendants, witnesses and expert witnesses and to object with respect to their testimony.
(3) The Presiding Judge of the Trial Chamber shall invite the defendant to plead with respect to all counts of the indictment, that is, whether he or she feels guilty or not.

Article 381
Passing a verdict on the basis of a guilty plea during the main hearing

(1) After the defendant has been advised of his or her rights, regardless of the nature and severity of the crime at hand, the defendant may plead guilty voluntarily, in respect of one or more criminal offenses, i.e. counts of the indictment.
(2) Following such a guilty plea, the individual judge. i.e. the Presiding Judge of the Trial Chamber shall be obliged to confirm that it was a voluntary confession, that the defendant is fully aware of the consequences of the guilty plea, any consequences related to a possible property or legal claim and the expenses of the criminal procedure.
(3) After the court has completed the actions as referred to in paragraph 2 of this Article, in an evidentiary procedure, the court shall present only the evidence that pertains to the ruling on the sanction.

(4) The defendant shall not be allowed to appeal the verdict or part of the verdict that was passed as a result of the guilty plea by the defendant during the main hearing, claiming that the facts or the case have been wrongly established.

7. Evidentiary procedure

Article 382
Presenting evidence

(1) The evidence shall be presented in the following sequence:
1) prosecution case evidence and evidence related to the property or legal claim;
2) defense case evidence;
3) prosecution evidence in rebuttal; and
4) defense evidence in rejoinder;

(2) During the main hearing, each of the parties, with consent by the other one, may withdraw the presentation of some evidence that was previously tendered.

Article 383
Examination methods

(1) In hearing a case, examination in direct, cross-examination and re-direct examination shall be allowed.

(2) The party that has called the witness i.e. expert witness or the technical advisor in support of its case shall conduct the direct examination.

(3) The opposing party shall conduct the cross-examination.

(4) The party that has called the witness i.e. expert witness shall conduct the re-direct examination and the questions asked during this examination shall be limited to the questions that have been asked during the examination by the opposing party.

(5) After the completion of the examination by the parties, the Presiding Judge of the Trial Chamber may ask questions of the witness i.e. the expert witness.

Article 384
Direct, cross and re-direct examination of witnesses

(1) The witness shall be examined by the party that has called the witness pursuant to article 383 paragraph 2 of this article. The questions for the witness by the other party shall be limited and refer only to the questions that have been asked earlier during the examination of the same witness by the party that called him or her. The questions of the re-direct examination of the witness by the party that has called him or her shall be limited and refer only to the questions asked by the other party during the examination of the witness.

(2) Leading questions shall not be allowed during the direct examination, except in cases when it is necessary to clarify some statements by the witness. As of a rule, leading questions shall be allowed only during the cross-examination.

Article 385
Rules of the court for the evidentiary hearing

(1) The Presiding Judge of the Trial Chamber shall control the manner and order of examination of witnesses and expert witnesses and the presentation of evidence, providing for the efficiency, economics of the proceedings and as the need arises, for the establishing of the truth.

(2) Upon objection, the Presiding Judge of the Trial Chamber shall prohibit questions and answers to questions that have been previously asked, if he or she considers it inadmissible or irrelevant for the case.

(3) The Presiding Judge of the Trial Chamber shall refuse presentation of evidence if he or she considers it unnecessary and of no importance for the case and shall briefly explain the reasons for it.

(4) Upon an objection by the parties, the Presiding Judge of the Trial Chamber shall prohibit asking questions that contain both a question and an answer within, i.e. leading questions, except during cross-examination.

(5) The Presiding Judge of the Trial Chamber shall approve a cross-examination of the witness as suggested by the party that summoned that witness, if as a result of his or her testimony, he or she can no longer be considered as a witness of the party that summoned him or her.

(6) During the evidentiary hearing, the Presiding Judge of the Trial Chamber shall attend to the dignity of the parties, the defendant, witnesses and expert witnesses.

(7) During the entire evidentiary proceeding, the court i.e. the Presiding Judge of the Trial Chamber shall take care of the admissibility of questions, validity of answers, fair examination and justification of objections.

(8) The judge shall rule immediately, with a decision, on any objections raised verbally during the process of examination of witnesses, expert witnesses and the injured party at the main hearing.

Article 386
Examination of witnesses

(1) Before examining a witness, the presiding judge shall warn the witness about the duty to present to the court everything that he or she knows about the case, warning him or her that perjury is a criminal offense.

(2) The witness shall give a solemn declaration before his or her testimony as follows: “I swear on my honor that I will say the truth about everything that I will be asked of and I will not elide anything that I might have seen or heard”.

(3) The Presiding Judge of the Trial Chamber shall warn or fine any participant in the proceedings or any other person who threatens insults or endangers the safety of the witness. Upon a motion by the parties, the court may order the police authorities to undertake any necessary measures to protect the witness.

(4) The court shall inform the competent public prosecutor if a criminal offense that is prosecuted ex-officio is committed during the activities as referred to in paragraph 4 of this Article.

Article 387
Examination of an expert witness and a technical advisor

(1) Before examining an expert witness, the court shall warn the expert witness about the duty to present the opinion in a clear manner and in accordance with the rules of the profession and shall warn him or her that giving false statements on the findings or opinion is a criminal offense.

(2) Before testifying, the expert witness shall give a solemn declaration as follows: “I swear on my honor that I performed the expert examination conscientiously and according to the rules of my profession and that everything I declare in that respect is true and correct.”

(3) If requested by any of the parties for the expert witness to be examined during the main hearing, the written findings and the opinion shall be admitted into evidence only if the expert witness who has prepared the expert report has given his or hers statement and was cross-examined at the main hearing.

(4) The provisions used for examining an expert witness shall be applied accordingly also for examining technical advisors.

Article 388
Exception from direct presentation of evidence

(1) If the establishment of a fact is based on a person’s observation, the same person shall have to be examined at the main hearing in person, except in the case of an examination of a protected witness pursuant to Article 228 of this Law. The examination may not be replaced either by reading out loud a record of a statement that the person provided earlier, or a written statement.

(2) Any statements given by witnesses during the investigation procedure and statements obtained through the actions of the defense during the investigation may be used during the cross-examination or to disprove any of the findings presented or in reply to the disproof, in order to evaluate the validity of the testimonies during the main hearing.

(3) With a decision by the court, any records on statements provided during the evidentiary hearing, may be presented as evidence by reading or reproducing them.

(4) If after the start of main hearing concrete evidences emerge upon which one can conclude that the witness was exposed to violence, threats, promises of financial rewards or other benefits in order not to testify or to give a false testimony during the main hearing, any statements given in front of the public prosecutor during the preliminary procedure, with a decision by the court, can be presented as evidence.

(5) Upon exception from paragraph 1 of this Article, any records on given statements before a public prosecutor, may be read or reproduced and presented as evidence with a decision by the court, if the person who gave the statement has died in the meantime, became mentally ill, or remains unavailable to the court irrespective of all the means applied in order to find the person, as provided for in the law.

Article 389

Proceeding with examined witnesses and expert witnesses

(1) The examined witnesses and expert witnesses shall remain in the courtroom, unless the Presiding Judge of the Trial Chamber decides to let them go or remove them temporarily from the courtroom.

(2) Upon a motion by the parties or ex-officio, the court may order the examined witnesses and expert witnesses to be removed from the courtroom and called back later on and examined again in the presence or absence of other witnesses or expert witnesses.

Article 390

Examination of a witness who cannot appear before the court

(1) If, during the main hearing, it is ascertained that the witness cannot appear before the court or his or her appearance would be significantly difficult, if it believes that his or her testimony is important, the Trial Chamber may order for the witness to be examined through a video-conference link pursuant to Articles 82 and 83 of this Law, or for the witness to be examined outside the main hearing, by the presiding judge or another member of the Trial Chamber.

(2) The presiding judge or another judge member of the Trial Chamber shall conduct any crime scene inspection or reconstruction that might be necessary to be conducted outside of the main hearing.

(3) The parties and the injured party shall always be informed about the time and the place of examination of the witness, i.e. the time and place of any crime scene inspection or reconstruction, with an obligatory presence of the parties during such actions.

Article 391

Examination of the defendant

(1) The defendant shall be examined upon a proposal by the defense.

(2) The examination starts with the questions asked by the defense counsel and then the questions are being asked by the prosecutor, the injured party and the codefendants in accordance with article 384 from this Law.

(3) If during the main hearing the defendant does not give a statement or gives a different statement for certain facts or circumstances, the public prosecutor can request that the statement that was given in the previous procedure be read or reproduced in accordance with Article 207 of this Law.

(4) The Trial Chamber may as an exception decide to temporary remove the defendant from the courtroom, if the codefendant or the witness are refusing to make a statement in his/her presence or if the circumstances are showing that in his/ her presence they will not speak the truth. After the witness returns to the courtroom the testimony given by the witness or the codefendant will be read back to him/her.

Article 392

Exhibit records

(1) Any exhibits such as inspection protocols, receipts for seized and returned items, books, files and all other non-repeatable items at the main hearing shall be entered into the main hearing record.

(2) Any exhibits as referred to in paragraph 1 of this Article shall be tendered in the original.
(3) As an exception from paragraph 2 of this Article, a certified copy or transcript of the original may also be used as a proof.
(4) Any exhibits as referred to in paragraph 1 of this Article shall be read, unless agreed otherwise by the parties.

Article 393
Amendment and extensions of the indictment

(1) If the public prosecutor believes that the presented evidence shows that the facts of the case as presented in the indictment have changed, he or she may amend the indictment at the main hearing. The main hearing may be postponed for the preparation of the defense case. In such an event, there shall be no confirmation of the indictment.
(2) If the defendant commits a criminal offense during a session of the main hearing or a prior criminal offense committed by the defendant is discovered during the main hearing, as of a rule, upon an accusation by the authorized plaintiff, which may be delivered verbally, the Trial Chamber shall expand the main hearing as to encompass that criminal offense as well. An objection shall not be allowed against such an accusation.
(3) In order to prepare the case of the defense, in events as referred to in paragraph (2) of this Article, the court may adjourn the main hearing and after the parties have been heard, it may rule for a separate trial to be held for the criminal offense as referred to in paragraph 2 of this Article.

Article 394
Complementing the evidentiary hearing

(1) After the completion of the evidentiary hearing, the parties and the injured party may put forward motions for additions to the evidentiary hearing, due to new circumstances established during the main hearing.
(2) In order to eliminate any inconsistencies in the findings and reports by professional and expert persons, upon proposal by the parties or ex-officio, the court may ask for a supra expert examination. The supra expert examination shall be determined by the court electronically by applying the rule of random selection from the register of expert witnesses, in the presence of both parties, i.e. the plaintiff and the defense counsel.
(3) If there are no motions for additions to the evidentiary hearing, or if the motion is denied, the Trial Chamber, i.e. the Presiding Judge of the Trial Chamber shall declare the completion of the evidentiary hearing.

Article 395
Closing arguments

(1) After the completion of the evidentiary hearing, the court shall invite the prosecutor, the injured party, the defense counsel and the defendant to make their closing arguments.
(2) If several prosecutors are pleading the case, or if the defendant has several defense counsels, they shall all be allowed to make their closing arguments, but shall not be allowed to recur and their arguments may be time limited.

Article 396
Completion of the main hearing

(1) Following the closing arguments by the parties, the presiding judge shall declare the completion of the main hearing and enter the time of the completion of the hearing into the record.
(2) The Trial Chamber shall then recede to confer and vote, in order to reach a verdict.

Chapter XXV
VERDICT
1. Passing a verdict
Article 397
Passing a verdict

(1) If, during the conference, the court determines that it is not necessary to open the main hearing again in order to supplement the proceedings or to clarify certain issues, it shall pass a verdict.

(2) The verdict shall be passed and publicly declared on behalf of the citizens of the Republic of Macedonia.

Article 398
Relationship between the verdict and the accusation (objective and subjective identity)

(1) The verdict may relate only to the person accused and only to the criminal offense that is the object of the accusation contained in the filled indictment, i.e. the amended and expanded indictment at the main hearing.

(2) The court shall not be obliged to accept the plaintiff's motions relative to the legal qualification of the criminal offense.

Article 399
Evidence on which the verdict is based upon

(1) The court shall base its verdict only on the facts and evidence presented during the main hearing.

(2) The court shall be obliged to conscientiously evaluate each piece of evidence individually and also in relation to all other evidence and, on the basis of such an evaluation, to draw a conclusion whether a certain fact has been proven or not.

Article 400
Evidence on which the verdict may not be based upon

(1) A verdict shall not be based solely on a statement of an endangered witness, obtained through the use of the provisions on hiding of his or her identity or appearance, for the purpose of his or her protection or protection of persons that are close to him or her.

(2) A verdict shall not be based solely on a statement presented in accordance with Article 388, paragraphs 2 and 3 of this Law.

2. Types of verdicts
Article 401
Types of verdicts

(1) With the verdict, the accusation shall be rejected or the defendant shall be acquitted or found guilty.

(2) If the indictment encompasses several criminal offenses, the verdict shall indicate whether and for which of the criminal offenses the accusation is rejected, the defendant is acquitted or found guilty.

Article 402
Rejection verdict

The court shall pass a rejection verdict if:

1) the court does not have a subject-matter jurisdiction to adjudicate;
2) the proceedings have been conducted without a request by an authorized plaintiff;
3) the plaintiff has dropped the charges in the period between the commencement and the completion of the main hearing;
4) there was no requisite motion, approval, or if the competent state body has dropped the motion, i.e. approval or if the injured party has dropped the motion;

5) the defendant has already been effectually convicted for the same criminal offense, relieved of all charges or the proceedings against him or her have been suspended with a decision that went into effect; and
6) the defendant has been exempted from prosecution by an act of amnesty or pardon or if the criminal prosecution is not possible due to statute of limitation, or if there are any other circumstances that preclude criminal prosecution.

Article 403
Acquittal verdict

The court shall pass an acquittal verdict, if:
1) the act that the person has been accused of is not a criminal offense according to the law;
2) there are circumstances that preclude criminal liability; and
3) the public prosecutor or the plaintiff failed to prove beyond any reasonable doubt that the defendant committed the crime that he or she is accused of.

Article 404
Conviction verdict

(1) In a conviction verdict, the court shall be obliged to pronounce the following:
1) what is the criminal offense that the person has been found guilty of, by indicating the facts and circumstances that represent the attributes of the specific crime, as well as those on which it depends, which of the provisions of the Criminal Code shall be applied.
2) the legal title of the criminal offense and the provisions of the Criminal Code that have been applied.
3) what is the sentence for the defendant or if he or she is relieved from any sentence according to the Criminal Code provisions.
4) an alternative measure decision.
5) a decision on any safety measures, forfeiture of property and crime proceeds and seizure of objects.
6) a decision on the inclusion of any time spent in custody, in detention or time already served; and
7) a decision on the expenses of the criminal proceedings, about the property-legal claim, as well as about the requirement for the verdict that has entered into force to be declared in the press, on the radio or television.

(2) If the defendant has been sentenced to a fine, the verdict shall indicate the deadline within which the fine has to be paid and the manner of substitution of the fine if it cannot be collected even per force.

3. Proclamation of the verdict
Article 405
Proclamation of the verdict

(1) The Presiding Judge of the Trial Chamber shall immediately declare the verdict, after the court has pronounced it. If the court is not capable to pronounce the verdict the very same day after the completion of the main hearing, it shall postpone the proclamation of the verdict for not more than three days and it shall determine the time and location of the proclamation of the verdict.

(2) In the presence of the parties, their legal representatives, proxies and counsels, the Presiding Judge of the Trial Chamber shall read the verdict and briefly announce the reasoning behind the judgment.

(3) The verdict shall be declared even when the party, the legal representative, the proxy or the defense counsel is absent. The Trial Chamber may order for the verdict to be verbally announced to the defendant, if he or she is absent, by the Presiding Judge of the Trial Chamber, or just delivered to the defendant.

(4) If the public was excluded from the main hearing, the verdict shall always be read at a public session. The Trial Chamber shall decide whether and for how long it shall exclude the public during the explanation of the reasoning behind the verdict.
(5) Everybody present shall stand while listening to the verdict being read.

Article 406
Instructions and warnings

(1) After the verdict has been declared, the Presiding Judge of the Trial Chamber shall advise the parties about their right to appeal, as well as about their right to respond to the appeal.
(2) If the defendant was sentenced to probation, he or she shall be warned by the Presiding judge about the meaning of the probation sentence and the conditions that the person has to observe.
(3) The Presiding Judge of the Trial Chamber shall warn the parties about their obligation to inform the court about any change of address until the final completion of the proceedings.

4. Preparation of the verdict in writing and delivery
Article 407
Preparation and delivery of the verdict

(1) Any declared verdict shall be prepared in writing within 15 days after it has been declared, and in the event of a complex case, as an exception in a period of 60 days, and these are deadlines that cannot be exceeded.
(2) The Presiding Judge of the Trial Chamber and the court recorder shall sign the verdict.
(3) A certified transcript of the verdict shall be delivered to the plaintiff, whilst in respect of the defendant and the defense counsel; this shall be done pursuant to Article 130 of this Law. If the defendant is kept in detention, the certified transcripts of the verdict shall have to be sent within the deadlines as stipulated in paragraph 1 of this Article.
(4) Instructions on the right to appeal shall be also delivered to the defendant, the private plaintiff and the injured party.
(5) The court shall deliver a certified transcript of the verdict with instructions on the right to appeal to the injured party, if the party has the right to appeal, to the person whose property has been dispossessed with that verdict, as well as to the legal person whose property or proceeds have been dispossessed with the verdict. A transcript of the verdict shall be delivered to the injured party who does not have the right to appeal in the event as referred to in Article 63, paragraph 2 of this Law, with an instruction about his or hers right to demand restoration of the previous state of affairs. The verdict that already entered into effect shall be delivered to the injured party if he or she so requires.
(6) If the court has sentenced the defendant by applying the provisions for concurrent sentencing, taking into account any judgments by other courts, the court shall then deliver a certified transcript of the verdict that has entered into effect to those courts.

Article 408
Contents of the judgment prepared in writing

(1) The judgment prepared in writing shall be fully correspondent with the judgment that was proclaimed. The judgment shall have an introduction, a verdict and rationale.
(2) The introduction of the judgment shall contain the following: an indication that the verdict is passed on behalf of the citizens of the Republic of Macedonia, the name of the court, first and last names of the presiding judge, the members of the Trial Chamber and the court recorder, the defendant's first and last name, the criminal offense that the defendant has been charged with and whether he or she was present at the main hearing, the date of the main hearing and whether it was a public one or not, first and last name of the plaintiff, the defense counsel, the legal representative and the proxy, who were present at the main hearing and the date of proclamation of the verdict.
(3) The verdict shall contain the defendant's personal data (Article 205, paragraph 1) and the decision by which the defendant has been found guilty of the crime as charged or by which the defendant has been relieved from the accusation for that crime or by which the accusation has been rejected.

(4) If the defendant is found guilty, the verdict shall encompass the necessary data as stipulated in Article 404 of this Law, and if the defendant is relieved from the accusation or if the accusation has been rejected, the verdict shall encompass the description of the crime that the defendant has been accused of and a decision on the expenses of the criminal proceedings and the property-legal claim, if pursued.

(5) In the event of concurrent criminal offenses, the court shall include the prescribed sentences for each of the individual criminal offenses in the verdict, followed by the sentence that was imposed for the concurrent criminal offenses.

(6) In the rationale of the judgment, the court shall present the reasons for each item in the verdict, and especially the facts that are deemed proven or unsubstantiated, the evidence that was considered to establish those facts, the reasons for denying certain motions by the parties, the reasons that guided the court in making decisions on legal issues and the circumstances taken into consideration in apportioning the sentence.

(7) If the defendant is relieved of the accusation, the rationale shall especially indicate the reasons as referred to in Article 403 of this Law, for doing so.

(8) In the rationale of the judgment by which the accusation is rejected, the court shall not indulge in the evaluation of the main issue, but limit itself only to the reasons for the rejection of the accusation.

(9) The parties and the injured party may waive their right to appeal immediately after the verdict has been proclaimed. In such an event, the transcript of the judgment shall be delivered to the parties and the injured party, only upon their own request. If both parties and the injured party have waived their right to appeal after the proclamation of the judgment and if none of them asked for delivery of the judgment, no rationale shall be required to be contained in the judgment prepared in writing.

Article 409
Omissions in the verdict

(1) Upon request by the parties or ex-officio, the Presiding Judge of the Trial Chamber, with a separate decision, shall rectify any omissions in the names or numbers, as well as other obvious omissions in the text or calculations, any deficiencies in the form or incompatibilities with the authentic script.

(2) If there are any incompatibilities between the verdict prepared in writing and its authentic script with respect to the data as referred to in Article 404, paragraph 1, items 1, 2, 3, 4, 5 and 7 of this Law, the rectification decision shall be delivered to the persons as referred to in Article 407 of this Law. In such an event, the deadline for an appeal against the verdict shall be counted from the date of the delivery of that decision, against which a separate appeal shall not be allowed.

SECTION D: LEGAL REMEDIES

Chapter XXVI
REGULAR LEGAL REMEDIES
1. Appealing the verdict of the first instance court
Article 410
Right of appeal and filing deadline

(1) Any authorized person may file an appeal against the first instance verdict, within fifteen days from the day of receipt of the certified copy of the verdict.

(2) Any timely appeal by an authorized person shall delay the enforcement of the verdict.

Article 411
Entities that may file an appeal

(1) An appeal may be filed by the parties, the defense counsel, the authorized representative of the defendant and the injured party.

(2) In favor of the accused, an appeal may be also filed by his or her marital i.e. illegitimate spouse, blood relative in first line, adopted child, foster parent, brother, sister and any person

providing subsistence. In that case also, the deadline for the appeal starts from the day when a copy of the verdict has been delivered to the defendant, i.e. to his or her counsel.

(3) The public prosecutor may appeal the verdict both in favor and to the detriment of the accused.

(4) The injured party may dispute the verdict with respect to the decision on the criminal procedure expenses, and also with respect to any property or legal claims, if awarded.

(5) An appeal may also be filed by a person whose object was confiscated or who was deprived from his or her property or crime proceeds, as well as by a legal person whose property or crime proceeds have been seized with the verdict.

(6) The defense counsel and the persons as referred to in paragraph 2 of this Article may file an appeal without any specific authorization by the defendant, but not against his or her will.

Article 412
Renouncing the right of appeal and withdrawal

(1) The defendant may renounce the right of an appeal, only after the verdict has been delivered to him or her. The defendant may also renounce the right of an appeal earlier, if the plaintiff and the injured party, when they have the right to file an appeal on all grounds (Article 407, paragraph 4), have renounced their right of appeal, except, if according to the judgment, the defendant is supposed to serve a prison sentence. The defendant may withdraw any appeal already filed, until the decision of the second instance court has been brought. The defendant may also withdraw any appeal filed by his defense counsel or by the persons referred to in Article 411, paragraph 2 of this Law.

(2) The plaintiff and the injured party may waive their right of appeal as of the moment of the proclamation of the verdict until the expiry of the deadline for an appeal, and they may withdraw any appeal that has been already filed before the enactment of the decision by the second instance court.

(3) Any renunciation and withdrawal of the appeal may not be recalled.

Article 413
Contents of the appeal

(1) The appeal shall have to contain:
1) designation of the verdict that the appeal is filed against;
2) grounds for an annulment of the verdict;
3) rationale of the appeal;
4) a motion for the disputed verdict to be completely or partially nullified or reversed; and
5) signature of the person filing the appeal.

(2) If the appeal was filed by the defendant or any other person as referred to in Article 411, paragraph 2 of this Law, and the defendant does not have a counsel or if the appeal has been filed by the injured party, or by a private plaintiff without an attorney, and the appeal has not been compiled according to the provisions of paragraph 1 of this Article, the first instance court shall call the applicant to complement the appeal within a certain deadline with a written brief or on record with the same court. If the applicant does not respond, the court shall overrule the appeal if it does not contain the data as referred to under items 2, 3 and 5, paragraph 1 of this Article and if the appeal does not contain the data as referred to under item 1, paragraph 1 of this Article, if it cannot be established what verdict it refers to, it shall be overruled in the same manner. If an appeal is filed in favor of the defendant, the court shall deliver it to the second instance court, if possible to establish what verdict it refers to, and if this cannot be established, the court shall overrule the appeal.

(3) If the appeal has been filed by the injured party or a private plaintiff who has an attorney or by the public prosecutor, and the appeal does not contain the data as referred to under items 2, 3 and 5, paragraph 1 of this Article or the appeal does not contain the data as referred to under item 1, paragraph 1 of this Article and it cannot be established which verdict it refers to, the court shall overrule the appeal. Any appeal with such deficiencies filed in favor of the defendant who has a defense counsel shall be delivered by the court to the second instance

court if it is possible to establish what verdict it refers to and if this cannot be established, the court shall overrule the appeal.

(4) One may not specify new facts and evidence in the appeal, except those for which the parties can prove that they could not have been presented prior to the completion of the evidentiary hearing during the main hearing, because they were not known or available to them at that time.

Article 414
Grounds for an appeal

The verdict may be disputed:

1) due to an essential violation of the provisions of the criminal procedure;
2) due to wrongly established facts of the case;
3) due to violation of the Criminal Code; and
4) due to a decision on criminal sanctions, crime proceeds forfeiture, criminal procedure expenses, property and legal claims, as well as due to a decision for proclamation of the verdict through the press, radio or television.

Article 415
Essential violation of the criminal procedure

(1) There shall be an essential violation of the criminal procedure provisions, if:

1) the court was irregularly composed or if a judge or a lay judge who did not participate at the main hearing or who has been excluded from the trial with a final and valid decision, participated in the passing of the verdict;
2) a judge or a lay judge who had to be excluded participated at the main hearing (Article 33, items 1, 2, 3, 4 and 5);
3) the main hearing was held in the absence of any person whose presence at the trial is compulsory according to the law;
4) the public was excluded from the main hearing contrary to the law;
5) the criminal procedure regulations have been violated with respect to the question whether the charges have been raised by an authorized plaintiff or upon a motion by the injured party, i.e. with an approval by the competent entity;
6) the verdict was passed by a court which should not have adjudicated that case due to its subject-matter jurisdiction, or if the court wrongfully overruled the accusation due to the subject-matter non-jurisdiction;
7) the court has not fully resolved the object of the accusation with its verdict;
8) the verdict is based on evidence, on which, according to the provisions of this Law, the verdict cannot be based, unless, in view of any other evidence available, it is obvious that the same verdict would have also been passed without that evidence;
9) the accusation has been exceeded (Article 398, paragraph 1);
10) the verdict means a violation of the provision contained in Article 428 of this Law;
11) the verdict is unclear and contradictory within itself, or if it does not specify the reasons for the decisive facts or evidence presented at the main hearing; or
12) the court violated the provisions regarding the use of languages during the court proceedings as provided by this Law.

(2) There shall be an essential violation of the provisions of the criminal procedure also if the court, during the preparation of the main hearing, or during the main hearing, or during the deliberations on the verdict, did not apply or wrongly applied some of the provisions of this Law, if that had an effect or could have had an effect on the legality and regularity of the verdict.

(3) There shall be an essential violation of the provisions of the criminal procedure also if the rights of the defense have been violated, and that had an effect or could have had an effect on the legality and regularity of the verdict or the right of the defendant to a fair trial.

Article 416
Violation of the Criminal Code

There shall be a violation of the Criminal Code, if:

1) the offense the defendant is being prosecuted for is not a crime;
2) there are any circumstances that exclude criminal liability;
3) there are any circumstances that exclude criminal prosecution and particularly if any statute of limitation applies to the criminal prosecution or the prosecution has been excluded due to amnesty or pardon or the matter is already adjudicated with a final and valid judgment;
4) a law that cannot be applied has been applied in respect of the criminal offense that is the subject of the accusation;
5) the court has exceeded its authority provided for by the law with the sentencing decision, the probation decision or court reprimand, i.e. the decision on any security measure or forfeiture of crime proceeds; and
6) the provisions on computation of the time spent in detention have been violated, or for any other deprivation of liberty in relation to the criminal offense and time served.

Article 417
Wrongly established facts of the case

(1) The verdict may be disputed due to wrongly established facts of the case, when some of the decisive facts have been wrongly established or have not been established at all.

(2) It shall be considered that the facts of the case have been wrongly established also when some new facts or evidence point to this conclusion as referred to in Article 413, paragraph 4 of this Law.

Article 418
Sentencing, probation and court reprimand, security measures or forfeiture of crime proceeds and proclamation of the verdict

(1) Any verdict i.e. any decision for a court reprimand may be disputed due to the decision on the sentence, probation and court reprimand, when the decision did not exceed any legal authority (Article 416, item 5), but the court has not apportioned a proper sentence, in view of the circumstances that would influence a less or more severe sentence and due to the fact whether the court has applied the provisions for more lenient sentence or not, sentence release, probation or court reprimand, although the appropriate legal conditions were present.

(2) Any decision on a security measure or forfeiture of crime proceeds may be disputed if there is no violation of the law as referred to in Article 416, item 5 of this Law, but the court has improperly brought this decision or did not issue a security measure i.e. crime proceeds forfeiture, although the appropriate legal conditions were present. Any decisions regarding the criminal procedure expenses may be disputed on the same grounds.

(3) Any decision for proclamation of the verdict through the press, radio or television may be disputed, if the court has made a decision on these issues, contrary to the legal provisions.

2. Appeal procedure
Article 419
Filing an appeal

(1) The appeal shall be filed with the court that passed the first instance judgment in a sufficient number of copies for the court, the opposing party and the defense counsel for the purpose of responding.

(2) The Presiding Judge of the Trial Chamber at the first instance court, with a decision, shall overrule any untimely (Article 410) and inadmissible (Article 411) appeals.

Article 420
Response to an appeal

(1) Without any delays, the first instance court shall deliver one copy of the appellant's brief to the respondent (Articles 130 and 131), who shall be obliged to file a respondent's brief with the court within eight days after receiving a copy of the appeal.

(2) The first instance court shall deliver the appellant's and the respondent's briefs along with the rest of the case file to the second instance court within three days of the receipt of the respondent's brief, i.e. after the response deadline has expired.

Article 421
Reporting judge

(1) When the appeal files arrive at the second instance court, a reporting judge shall be assigned within three days of their receipt. If the files are related to a crime that is being prosecuted upon a motion by a public prosecutor, the reporting judge, without any delays, shall deliver the files to the competent public prosecutor who shall be obliged to review them and without any delays, or within 15 days at the latest, or in the event of a more complex case within 30 days, return them to the court.

(2) When returning the files, the public prosecutor shall notify the court about any written motion to be put forward during the session of the chamber.

(3) A notification about the session of the Chamber shall be provided to the public prosecutor and any defendant and his or her defense counsel, or the private plaintiff who requested to be notified about the session or proposed a hearing to be held before the second instance court within the deadline prescribed for an appeal.

(4) The session of the chamber of the second instance court shall be a public one, upon request of the parties for a crime that entails a prison sentence of more than five years.

(5) If necessary, the reporting judge may obtain a report on any violations of the criminal procedure provisions from the first instance court, and through that same court or through the preliminary procedure judge of the court on whose territory the action is to be performed or otherwise, he or she may check and verify any allegations in the appeal with respect to any new evidence or facts, or may also collect any additional necessary reports or files from other entities or legal persons. The first instance court, i.e. the public prosecutor who was leading the investigation, whom the reporting judge is asking for reports or actions, shall be obliged to act upon such a request in a period that shall not exceed 30 days.

(6) If the reporting judge establishes that the records and reports as provided for in Article 93 of this Law are to be found among the case files, without any delays, he or she shall deliver the case files to the first instance court prior to the session of the second instance chamber, so that the presiding judge of the first instance trial chamber may enact a decision on their separation from the case file and following the entry into force of that decision, to deliver them to the preliminary procedure judge in a sealed envelope for safe keeping apart from the rest of the files.

Article 422
Session of the chamber

(1) If the defendant is in detention or serving a sentence, and he or she has a defense counsel, the presence of the defendant shall be provided for only if the presiding judge or the trial chamber believes it to be expedient.

(2) The session of the chamber shall commence with a report on the issue at hand by the reporting judge. The appellant shall then explain the appellant's brief, and the opposing party shall then get the floor in order to respond to the allegations in the appellant's brief, i.e. to explain the respondent's brief, not repeating anything contained in the report. For the purpose of completion of the report, one may ask for certain files to be read.

(3) Any non-appearance by the parties, who have been regularly summoned, shall not prevent the session of the chamber to be held. If the defendant failed to notify the court about any change of temporary or permanent residence, the session of the chamber may be held, although the defendant has not been notified thereof.

(4) The public may be excluded from the session of the chamber that the parties attend, only under the conditions as provided for in Articles 353, 354, 355 and 356 of this Law.
(5) The record of the session of the chamber shall be annexed to the rest of the case file from the first and second instance courts.
(6) Any decisions as referred to in Articles 432 and 433 of this Law may be enacted without notifying the parties about the session of the chamber.

Article 423
Rulings of the second instance court

(1) The second instance court shall rule at the session of the chamber or on the basis of a hearing already held.
(2) At a session of the chamber held as referred to in Article 422 of this Law, if the chamber finds it necessary to hold a hearing, it shall be scheduled within 15 days from the date of the session of the chamber at the latest.

Article 424
Hearing before the chamber of the second instance court

(1) A hearing before the chamber of the second instance court shall be held, if:
1) it is established that there was an essential violation of the criminal procedure provisions as referred to in Article 415, paragraph 1 of this Law, which, according to the chamber's opinion, may be corrected by holding a main hearing; or
2) it is established that the facts of the case have been wrongly established during the first instance procedure or when any new facts and evidence, presented in the appellant's brief for the first time have been evaluated as admissible.
(2) The provisions that refer to the main hearing in the first instance procedure shall be correspondingly applied in the event of a hearing before the chamber of a second instance court, unless provided for otherwise in this Law.
(3) The defendant and his or her counsel, the plaintiff, injured party, any legal representatives and attorneys of the injured party and the private plaintiff, as well as any witnesses and expert witnesses that are to be heard as decided by the court, shall be summoned for the hearing before the second instance court.
(4) Any evidence that was not known or available during the first instance procedure shall be presented during the hearing, as well as those deemed necessary to be presented by the chamber, in order to properly establish the facts of the case.

Article 425
Course of the hearing before the Chamber of the second instance court

(1) The hearing before the second instance court shall commence with a report provided by the reporting judge who shall present the issue at hand, without providing his or her opinion on the adequacy of the appeal.
(2) Upon a motion or ex-officio, one shall also read the judgment or the specific part of the judgment that the appeal refers to, and the record of the main haring if necessary.
(3) The applicant shall be invited next to explain the appellant's brief, and then the floor shall be given to the opposing party to respond to the allegations in the appeal. The defendant and his or her defense counsel shall always speak the last.
(4) In view of the results from the hearing, the plaintiff may completely or partially withdraw the indictment or amend the indictment in favor of the defendant.

Article 426
Judgment by the Chamber of the second instance court

(1) Following the hearing, the chamber of the second instance court shall pass a verdict in accordance with the provisions of Articles 434 to 437 of this Law.
(2) As regards to producing a written judgment, the chamber of the second instance court shall be bound to the deadlines as referred to in Article 407 of this Law.

(3) In passing the verdict, the chamber shall be bound by the prohibition as prescribed in Article 428 of this Law.

(4) If the defendant is kept in detention, the chamber shall be obliged to proceed pursuant to Article 438, paragraph 3 of this Law.

Article 427

Limits of examination of the first instance judgment

(1) The second instance court shall examine only the part of the judgment that is being disputed with the appeal, however, ex-officio, it shall always be obliged to examine the following:

1) if there is any violation of the criminal procedure provisions of Article 415, paragraph 1, items 1, 5, 6, 8, 9, 10 and 11 of this Law and whether the main hearing, contrary to the provisions of this Law, has been held in the absence of the defendant, and in the event of a mandatory defense, also in the absence of the defendant's counsel; and

2) if there are any violations of the Criminal Code to the detriment of the defendant (Article 416).

(2) If any appeal filed in favor of the defendant does not contain the data as referred to in Article 413, paragraph 1, items 2 and 3 of this Law, the second instance court shall limit itself only to the examination of any violations as referred to in items 1 and 2, paragraph 1 of this Article, as well as on the sentence, security measures and forfeiture of crime proceeds (Article 418).

(3) In the appellant's brief, the appellant may claim a violation of the law as referred to in Article 415, paragraph 1, item 2 of this Law, only if he or she was not able to indicate that violation during the main hearing, or if he or she indicated it, but the first instance court did not take it under consideration.

Article 428

Prohibition of amendments for the worse

If an appeal has been filed in favor of the defendant only, the judgment may not be amended to his or her detriment, with regards to the legal qualification of the criminal offense and the criminal sanction.

Article 429

Extended effect of the appeal

Any appeal due to wrongly established facts of the case or due to violation of the Criminal Code filed in favor of the defendant, shall also contain an appeal in respect of the decision on the criminal sanction and forfeiture of crime proceeds (Article 418 of this Law).

Article 430

Privilege of cohesion (*Beneficium cohaesionis*)

If the second instance court, when proceeding upon any appeal, establishes that the circumstances for the favorable decision for the defendant in that case might be also beneficial for some other co-defendants who did not appeal the judgment or appealed it in respect of other issues, it shall proceed ex-officio as if such an appeal existed.

Article 431

Judgments of the second instance court upon appeal

(1) The second instance court, during a session of the chamber may overrule the appeal as an untimely or inadmissible one, or it may reject the appeal as being ungrounded and affirm the judgment of the first instance court, it may reverse the first instance judgment, nullify it due to essential violations and return the case for repeated adjudication or it may nullify the first instance judgment and hold a hearing.

(2) The second instance court shall pass a single judgment for all appeals that refer to a same judgment.

(3) In the rationale of the judgment, i.e. the decision, the second instance court shall evaluate the allegations in the appeal and specify any violations of the law that the court considered ex-officio.

Article 432
Overruling an appeal as an untimely one

Any appeal shall be overruled with a decision as an untimely one, if it is established that it was not filed within the legally prescribed deadline.

Article 433
Overruling an appeal due to inadmissibility

Any appeal shall be overruled with a decision as inadmissible, if it is established that the appeal was filed by a person who is not authorized to file an appeal or a person who waived the right to appeal or if it is established that the person withdrew the appeal, or filed another appeal following the previous withdrawal or if an appeal is not allowed according to the law.

Article 434
Rejecting an appeal as an ungrounded one

With a decision, the second instance court shall reject the appeal as an ungrounded one and affirm the judgment of the first instance court if it is established that there are neither reasons for the judgment to be disputed nor violations of the law as referred to in Article 427, paragraph 1 of this Law.

Article 435
Reversing a judgment

(1) The second instance court, granting the appeal or ex-officio, with a decision, shall reverse the first instance judgment if it establishes that the decisive facts in the first instance judgment have been properly established and that considering the established facts of the case, following the correct application of the law, one should pass a different verdict, in accordance with the circumstances of the case and in the event of any violations as referred to in Article 415, paragraph 1, items 5, 9 and 10 of this Law.

(2) If the second instance court finds that the legal conditions for a court reprimand have been met, with a decision, it shall reverse the first instance judgment and pass a court reprimand.

(3) If the reversal of the first instance judgment created the necessary conditions to impose or cancel detention on the basis of Article 174, paragraph 1, item 5 and Article 175, paragraphs 1 and 5 of this Law, the second instance court shall enact a separate decision herein, and no appeal shall be allowed against it.

Article 436
Nullification due to essential violations

(1) The second instance court, granting the appeal or ex-officio, with a decision, shall nullify the first instance judgment and return the case for a retrial, if it establishes that there was an essential violation of the criminal procedure provisions, unless it decides to hold a hearing before the second instance court.

(2) The second instance court may order for a new main hearing to be held before the first instance court and a completely different trial chamber.

(3) The second instance court may also partially nullify the first instance judgment, if certain parts of the judgment may be set aside without any detriment to the proper adjudication.

(4) If the first instance judgment is nullified due to essential violations of the criminal procedure provisions, the rationale shall have to specify which provisions have been violated and how.

(5) If the defendant is kept in detention, the second instance court shall investigate whether the reasons for detention still exist and pass a decision for extension or cancellation of the detention. An appeal against this decision shall not be allowed.

Article 437
Nullification of the first instance judgment and holding a hearing

(1) The second instance court, granting the appeal or ex-officio, with a decision, shall nullify the first instance judgment and order for a hearing to be held, if the conditions as referred to in Article 424 of this Law are met.

(2) The second instance court may also partially nullify the first instance judgment, if certain parts of the judgment may be set aside without any detriment to the proper adjudication and hold a hearing in respect of those parts.

(3) If the defendant is kept in detention, the second instance court shall investigate whether the reasons for detention still exist and pass a decision for extension or cancellation of the detention. An appeal against this decision shall not be allowed.

(4) If the appealed judgment has already been nullified once, the second instance court shall then hold a hearing and rule on the merits of the case.

Article 438
Returning the case file to the first instance court

(1) The second instance court shall return all case files to the first instance court along with its judgment, in a sufficient number of certified copies to be delivered to the parties and other interested persons.

(2) If the defendant is kept in detention, the second instance court shall be obliged to deliver its judgment along with the rest of the case files to the first instance court within 45 days at the latest, and in more complex cases, within 60 days from the day when the court received the case files from the public prosecutor.

3. Appealing the judgment of the second instance court
Article 439
Admissibility of appeal

(1) An appeal against the judgment of the second instance court with the court that adjudicates in third instance shall only be allowed in the following instances:

1) if the second instance court passed a sentence of life imprisonment, or if it affirmed such a sentence passed by first instance court's judgment;

2) if the second instance court passed a verdict on the basis of a hearing held; and

3) if the second instance court reversed the judgment of the first instance court whereby all charges have been dropped against the defendant and then passed a verdict declaring the defendant guilty.

(2) The third instance court shall rule on the appeal against the second instance judgment during a session of the chamber in accordance with the provisions that are applicable to the second instance procedure. There shall be no hearing before this court.

(3) The provisions of Article 435 of this Law shall also be applicable in the case of any co-defendants who did not have the right to appeal the second instance judgment.

4. Appealing a decision
Article 440
Admissibility of an appeal against a decision

(1) Any parties or persons whose rights have been violated may appeal against the decision by the preliminary procedure judge and other court's decisions in first instance, unless explicitly stipulated in this Law that a separate appeal shall not be allowed.

(2) A separate appeal against the decision of the chamber as referred to in Article 25, paragraph 5 of this Law brought before and during the investigation shall not be allowed, unless established otherwise in this Law. Whenever this Law stipulates that a separate appeal is not allowed, any decision may be disputed through an appeal against the judgment.

(3) Any decisions brought for the purpose of the preparation of the main hearing and the verdicts may be disputed only through an appeal against the judgment.

Article 441
Filing an appeal

(1) An appeal shall be filed with the court that enacted the decision.

(2) Unless established otherwise in this Law, any appeal against a decision shall be filed within three days from the date of receipt of the decision.

Article 442
Suspensive action of an appeal

Unless established otherwise in this Law, the act of filing an appeal against a decision shall delay the enforcement of the decision that is being appealed.

Article 443
Competent entity to rule on the appeal

(1) The second instance court in a session of the chamber shall rule on any appeal against the decisions of the first instance court, unless established otherwise in this Law.
(2) The trial chamber referred to in Article 25, paragraph 5, shall rule on any appeals against the decisions by the preliminary procedure judge, unless established otherwise in this Law.
(3) When ruling on an appeal, the court may overrule the appeal with a decision as untimely or inadmissible, it may reject the appeal as an ungrounded one, or it may grant the appeal and reverse or nullify the decision and if necessary refer the case back for retrial.

Article 444
Appropriate application of the provisions on appealing a first instance court judgment

(1) The provisions of Articles 411, 413, 419, 421 paragraphs 1, 4 and 5, Article 427, paragraph 1, item 1 and Articles 428 and 430 of this Law shall be applied correspondingly to the appeal procedures against any decisions.
(2) If an appeal has been filed against a decision as referred to in Article 522 of this Law, the public prosecutor shall be notified about the session of the camber, and any other persons under the conditions provided for in Article 422 of this Law.

Article 445
Appropriate application of the provisions on appealing a decision

Unless established otherwise in this Law, the provisions of Articles 440 and 445 of this Law shall be correspondingly applied to all other decisions that are being enacted in accordance with this Law.

Chapter XXVII
EXTRAORDINARY LEGAL REMEDIES
1. Repetition of the criminal procedure

Article 446
General provision

Any criminal procedure that has ended with a decision or judgment that has entered into effect, upon a motion by an authorized person, may be repeated only in the instances and under the conditions as prescribed in this Law.

Article 447
Reversing a judgment that entered into effect without repeating the procedure

(1) A judgment that has entered into effect may be reversed without repeating the criminal procedure in the following situations:
1) If several sentences have been provided for the same convicted person in two or more judgments that have entered into effect, and the provisions for a single sentence for concurrent crimes have not been applied;
2) If, when a single sentence has been provided for by applying the concurrent crime provisions, the sentence according to the concurrent crime provisions from an earlier conviction has been taken as the established one;
3) If, after the judgment has entered into effect, certain circumstances have occurred that were missing at the time of the verdict or they were not known although existed, which obviously would have provided for a more lenient conviction;
4) If a judgment that entered into effect, which provided for a single sentence for several crimes, could not be enforced in one part due to amnesty, pardon or for any other reason;

5) If, following a conviction verdict that entered into effect, whereby the defendant was found guilty of a continuous crime, additional injured parties appear, the first instance court shall reverse its verdict regarding the legal and property claim, and the procedure shall be initiated upon a motion by the injured parties within a period of three moths from the date when they have learned about the verdict.

(2) In the event as referred to in item 1, paragraph 1 of this Article, with a new judgment, the court shall reverse any earlier judgments regarding the sentence and impose a single sentence. The first instance court that proceeded in the case that produced the most severe sentence shall be the competent one to pass a new verdict, and if the sentences were of the same type – the court that issued the longest sentence, and if the sentences were equal – the court that was the last to issue a sentence.

(3) In the event as referred to in item 2, paragraph 1 of this Article, the court that wrongly took into consideration a sentence that was previously already covered by an earlier judgment when passing a single sentence shall be obliged to reverse its judgment.

(4) In the event as referred to in paragraph 1, items 3 and 4 of this Article, the court shall reverse the earlier judgment regarding the sentence and pass a new sentence, or it will reduce the earlier sentence or establish how much of the sentence passed with the previous judgment will be actually served.

(5) The new verdict shall be passed by the court in a session of the Chamber, upon a motion by the public prosecutor or the convicted person, after the opposing party has been heard.

(6) If, in the events as referred to in items 1 and 2 of paragraph 1 of this Article, judgment by other courts have been taken under consideration when passing the sentence, a certified copy of the new judgment that has entered into effect shall also be delivered to those courts.

Article 448
Continuation of the criminal procedure

(1) If the court rejected the indictment as an ungrounded one, and if the charges have been dropped or rejected before the commencement of the main hearing or if the procedure has been legally and validly terminated with a decision, upon a motion by the authorized plaintiff, one may allow for a repetition of the criminal procedure (Article 453, paragraph 3) if new evidence is tendered, on which basis the court may be convinced that the necessary conditions for re-initiation of the criminal procedure have been met.

(2) Any criminal procedure that was validly terminated prior to the commencement of the main hearing may be repeated, if the public prosecutor waived his or her right of criminal prosecution, or if it is proved that such a waiver was a result of a committed crime. The provisions of Article 450, paragraph 2 of this Law shall be applicable in respect of any crime committed by the public prosecutor and its proof.

Article 449
Repeating the procedure in favor of the convicted

(1) Any criminal procedure that ended with a judgment that entered into effect may be repeated in favor of the convicted person in the following situations:

1) If it is possible to prove that the verdict was based on a false document, visual-audio recording or a false statement by a witness, expert witness, translator or interpreter;

2) If it is possible to prove that the verdict was caused by a criminal offense committed by the judge, lay-judge or any person involved in the investigative actions;

3) If new facts or evidence are presented, which are sufficient on their own or in relation to the former evidence, to cause an acquittal of the person who was earlier convicted or his or her conviction according to a more lenient criminal law provisions;

4) If a person was tried several times for the same crime or if several persons have been convicted for the same crime that could have been committed by only one person or some of them;

5) If new facts or evidence is presented in the event of a conviction for a continuous crime or another crime that covers several actions of the same or different type according to the law, which show that the convicted person did not perform the action covered by the crime of the

conviction, and the existence of those facts would have an essential influence over the sentencing.

6) If the European Court of Human Rights establishes with a decision that has entered into effect, any violations of the human rights and fundamental freedoms during the procedure.

(2) In the events as referred to in items 1 and 2 of paragraph 1 of this Article, one shall have to prove with a judgment that entered into effect that the specified persons have been found guilty of the specific crimes. If the procedure against these individuals is impossible because they have died or due to circumstances that would exclude any criminal prosecution, the facts as referred to in items 1, 2 and 3 in paragraph 1 of this Article, may also be established though other evidence.

Article 450

Repeating the procedure to the detriment of the convicted

In exceptional cases, the criminal procedure may be repeated to the detriment of the convicted person, if the verdict that overruled the indictment has been passed due to subject-matter non-jurisdiction of the court and the public prosecutor initiated a procedure before a competent court asking for the procedure to be repeated.

Article 451

Authorized persons to file a motion for repetition of the procedure

(1) The parties and the defense counsel may put a motion for repetition of the criminal procedure, and after the death of the convicted person, the same may be done by the public prosecutor, if the procedure was conducted upon his or her request, or of the persons as referred to in Article 411, paragraph 2 of this Law.

(2) A motion for repetition of the criminal procedure may also be put after the convicted person has already served his or her sentence, regardless of any statute of limitation, amnesty or pardon.

(3) If the court, which would be competent to rule on a motion for repetition of the criminal procedure (Article 452 of this Law), learns of any reasons for repetition of the criminal procedure, it shall notify the convicted person thereof, i.e. the person who is authorized to put forward such motion.

Article 452

The court that rules on the motion and its contents

(1) The Chamber referred to in Article 25, paragraph 5 of the court that was adjudicating in the first instance in the previous procedure shall rule on the motion for repetition of the criminal procedure.

(2) The motion shall have to specify the legal grounds that the repetition is requested on, and what is the evidence in support of the facts that provide the grounds for the motion. If the motion does not contain this data, the court shall invite the applicant to complete the motion within a certain deadline.

(3) When ruling on the motion, the judge who participated in passing the verdict in the previous procedure shall not be a member of the Chamber.

Article 453

Ruling on the motion for repetition of the procedure

(1) With a decision, the court shall deny the motion, if it establishes on the basis of the motion and the case file of the previous procedure that the motion was put by an unauthorized person or there are no legal grounds for repetition of the procedure, or that the facts and evidence that the motion is based upon were already presented in a former motion to repeat the procedure that was denied with a court decision that entered into effect, or that the facts and evidence are obviously not suitable to be used as a basis for repetition or if it establishes an existence of a false document, or a false statement by a witness or an expert witness, or that the applicant did not proceed in accordance with Article 452, paragraph 2 of this Law.

(2) If the court does not deny the motion, it shall deliver a copy of the motion to the opposing party, which shall have a right to respond within a period of eight days. After the court has received the response to the motion or after the deadline for responding has expired, the presiding judge of the chamber shall order for the facts to be examined and evidence collected that are being referred to in the motion and the reply.

(3) After completing the examination, with a decision, the court shall immediately rule on the motion for repetition of the procedure in accordance with Article 448 of this Law. In other situations, which involve criminal offenses that are being prosecuted ex-officio, the presiding judge shall order for the case file to be sent to the public prosecutor, who shall then return the case file along with his or her opinion on the case, without any delay.

Article 454

Granting the repetition or denying the motion for repetition of the procedure

(1) After the public prosecutor has returned the case file, if not decided for the examination to be supplemented on the basis of the results of the initial examination, the court shall grant the motion and allow for the criminal procedure to be repeated, or it shall deny the motion if the new evidence provided is not suitable and sufficient for the repetition of the criminal procedure.

(2) If the court finds that the reasons for repetition of the criminal procedure apply also to some of the other co-defendants, who did not put a motion for repetition of the criminal procedure, the court shall proceed ex-officio, as if such a motion existed.

(3) In the decision for the repetition of the criminal procedure the court shall rule for a new main hearing date to be set immediately, or the case to be returned in the investigation procedure stage, i.e. to conduct an investigation procedure if one was not conducted earlier.

(4) If the court believes that bearing in mind the evidence presented, at the end of the repeated procedure the earlier convicted person may receive a sentence, which, along with the sentence already served, would mean that the person will have to be released, or that all charges might be dropped against him or her or that the indictment might be overruled, it shall rule for the enforcement of the verdict to be postponed, i.e. terminated.

(5) As soon as the decision granting the repetition of the criminal procedure enters into effect, the person shall stop serving the sentence, but the court, upon a motion by the public prosecutor, shall rule on detention if the conditions are met as referred to in Article 165 of this Law.

Article 455

Rules for the new procedure

(1) The same provisions as for the initial procedure shall be applicable to the new procedure conducted on the basis of the decision granting the repetition of the criminal procedure. During the new procedure, the court shall not be bound by any decisions enacted during the previous procedure.

(2) If the new procedure is cancelled prior to the commencement of the main hearing, the court shall nullify any previous verdict with the decision on termination of the procedure.

(3) When the court passes a verdict in the new procedure, it shall declare partial or complete nullification of the former verdict or its further validity. Any time already served by the defendant shall be taken into account by the court when sentencing the person again, and if the repetition has been granted only for some of the crimes that the defendant was convicted of, the court shall pass a new single sentence in accordance with the provisions of the Criminal Code.

(4) During the new procedure, the court shall be bound with the prohibition as prescribed in Article 428 of this Law.

Article 456

Repetition of the procedure for a person convicted in absence

(1) Any criminal procedure whereby a person was convicted in absence (Article 365 of this Law) and there is a possibility for the person to be tried in his or her presence shall be repeated also apart from the conditions prescribed in Article 364 of this Law, if the defendant or his or her

counsel puts a motion for repetition of the criminal procedure within one year as of the day when the convicted person learned of the conviction in his or her absence.

(2) Apart from the situations as provided for in paragraph 1 of this Article, in any event, the court shall allow for repetition of the criminal procedure if there is an ongoing procedure for extradition of the person convicted in his or her absence and if the state where the person resides is asking for guarantees that the person shall be granted the right to be tried again in his or her presence.

(3) In the decision granting the repetition of the criminal procedure in accordance with the provision in paragraph 1 of this Article, the court shall order for the indictment to be delivered to the convicted person, if it has not been done previously, and it may also decide for the case to be returned to the investigation procedure stage, i.e. to conduct an investigation, if one has not been conducted previously.

(4) The court shall not allow for a defendant to be tried again in his or her absence, when the person's motion for repetition of the criminal procedure due to a trial in absence was granted, if the person becomes unavailable to the law enforcement entities during the repeated procedure.

2. Motion for protection of legality

Article 457

Grounds for the motion

The Chief Public Prosecutor of the Republic of Macedonia may file a motion for protection of legality against judicial verdicts that have entered into effect if there was a violation of the Constitution, the law or an international agreement that was ratified in accordance with the Constitution of the Republic of Macedonia.

Article 458

Ruling on the motion for protection of legality against judicial decisions that have entered into effect

(1) Any motion for protection of legality put by the Chief Public Prosecutor of the Republic of Macedonia as referred to in Article 457 of this Law shall be filed with the Supreme Court of the Republic of Macedonia.

(2) The Supreme Court of the Republic of Macedonia shall rule on the motion at a session.

(3) Before the court rules on the case, if required, the reporting judge assigned, may collect information on the alleged violations of the law.

(4) The public prosecutor shall always be notified about the session.

Article 459

Privilege of cohesion (*Beneficium cohaesionis*) and prohibition of changes for the worse

(1) When ruling on the motion for protection of legality, the court shall limit itself only to the examination of violations of the law referred to by the applicant in the motion itself.

(2) If the court finds that any of the reasons for the decision in favor of the convicted person are applicable to any of the co-convicted persons in relation to whom there was no motion for protection of legality, ex-officio, the court shall proceed as if such a motion existed.

(3) If the motion for protection of legality was put in favor of the convicted person, when ruling on the motion, the court shall be bound by the prohibition as stipulated in Article 428 of this Law.

Article 460

Denying or rejecting the motion

(1) If the public prosecutor withdraws the motion for protection of legality, the court shall reject the motion with a decision.

(2) The court shall deny the motion for protection of legality as ungrounded with a verdict, if it establishes that there is no violation of the law as referred by the public prosecutor in his or her motion.

Article 461
Evaluating the motion as a grounded one

(1) If the court finds the motion for protection of legality to be grounded, it shall pass a verdict in accordance with the nature of the violation and it shall reverse the decision that entered into effect, or it shall completely or partially nullify the decisions of the first instance and the higher court, or the decision of the higher court only, and return the case to be adjudicated again or to be tried by the first instance or the higher court, or the court shall limit itself only to the establishment of any violations of the law.

(2) If a motion for protection of legality was put to the detriment of the convicted person, and if the court believes that it is grounded, it shall only establish the violation of the law, without discussing the enforceable decision.

(3) If, according to the provisions of this Law, the second instance court was not authorized to eliminate any violation of the law done by the first instance decision or during the judicial proceedings that preceded it, and if the court that rules on the motion for protection of legality put in favor of the convicted person, finds that the motion is grounded and that the first instance decision is to the nullified or reversed in order to eliminate any violation of the law, it shall also nullify or reverse the second instance decision, although it did not cause any violations of the law.

Article 462
Rules of the new procedure

(1) If the judgment that entered into effect has been nullified and the case returned to be tried again, the former indictment shall be taken as the basis, or one of its parts that refers to the part of the judgment that has been nullified.

(2) Before the first instance, i.e. second instance court the parties may present new facts and tender new evidence and move for additional procedural actions in order for the issues identified by the Supreme Court of the Republic of Macedonia in its decision to be clarified.

(3) When enacting the new decision, the court shall be bound by the prohibition stipulated in Article 428 of this Law.

(4) If the decision of the higher court has been nullified along with the decision of the lower court, the case shall be referred back to the lower court, through the higher court.

3. Motion for exceptional re-examination of the verdict that entered into effect
Article 463
Conditions for the motion

(1) Any person validly convicted to an unconditional prison sentence or juvenile prison of at least one year and his or her defense counsel may put forward a motion for exceptional re-examination of the judgment that entered into effect, due to violations of the law in the situations as provided for in this Law.

(2) Any motion for exceptional re-examination of a judgment that entered into effect shall be filed within 30 days from the day when the defendant received the final and enforceable judgment.

(3) Any convicted person who did not use a regular legal remedy against the judgment may not put forward a motion for exceptional re-examination of an enforceable judgment, except if the judgment of the second instance court, instead of acquittal, court reprimand, probation or a fine, provided for a prison sentence, i.e. juvenile prison instead of an educational measure.

(4) A motion for an exceptional re-examination of a final and enforceable decision may not be put forward against a judgment of the Supreme Court of the Republic of Macedonia.

Article 464
Competent court

The Supreme Court of the Republic of Macedonia shall rule on any motions for exceptional re-examination of a final and enforceable judgment.

Article 465
Grounds for the motion

A motion for an exceptional re-examination of a judgment that entered into effect may be put forward:

1) due to a violation of the Criminal Code to the detriment of the convicted person as provided in Article 416, items 1, 2, 3 and 4 of this Law or due to a violation as referred to in item 5 of Article 416 if the exceeded authority refers to the sentencing judgment, alternative measure or forfeiture of property and crime proceeds and seizure of objects or seizure of crime proceeds;
2) due to a violation of the criminal procedure provisions prescribed in Article 415, paragraph 1, items 1, 5, 8, 9 and 10 of this Law; and
3) due to violation of the rights of the defense or due to a violation of the criminal procedure provisions during the appeal procedure, if the violation influenced or could have influenced the lawful and just enactment of the judgment or the right of the defendant to a fair trial.

Article 466
Ruling on the motion

(1) The motion for an exceptional re-examination of a judgment that entered into effect shall be filed with the court that enacted the judgment in the first instance.
(2) Any motion that was not filed on time or filed by an unauthorized person, or if filed in a case of a criminal sanction conviction, due to which it is not possible to file a motion (Article 463, paragraph 1) or it is not allowed according to the law, or if the applicant withdraws the motion, shall be denied with a decision by the Presiding Judge of the Trial Chamber of the first instance court or the court that is competent to rule on the motion.
(3) The court that is competent to rule on the motion shall deliver a copy of the motion and the case files to the plaintiff that proceeds before that court, who may file a reply within 15 days of the day when he or she received the motion.
(4) The first instance court or the court that is competent to rule on the motion, depending on the contents of the motion, may decide to postpone, i.e. to cancel the enforcement of the judgment that entered into effect.

Article 467
Appropriate application of other provisions of this Law

The provisions of Article 458, paragraphs 1, 2 and 3, Articles 459, 460 and Article 461, paragraphs 1 and 2 of this Law shall be applied correspondingly in respect of the motion for an exceptional re-examination of a judgment that has entered into effect. When applying Article 461, paragraph 1 of this Law, the court may not limit itself only on establishing the violation of the law, and the provision of Article 461 paragraph 2 of this Law shall be applied only in respect of the sentencing.

SECTION E: EXPEDITED PROCEDURES

Chapter XXVIII
SUMMARY PROCEDURE

Article 468
Crimes that are subject of a summary procedure

The provisions from Articles 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 489 and 481 of this Law shall be applied during the procedure conducted in the first instance for crimes that entail a monetary fine or imprisonment of up to five years as the main sentences, and if nothing specific is provided for in those provisions, the other provisions of this Law shall be applicable accordingly.

Article 469
Initiation of a summary procedure

(1) A criminal procedure shall be initiated on the basis of an indictment application by the public prosecutor or on the basis of personal legal action.
(2) The indictment application and the personal legal action shall be filed in a sufficient number of copies for the court and the suspect.

Article 470
Determining Detention

(1) A person may be detained if there are grounds for suspicion that he or she committed a crime and:

1) if the person is hiding and if his or her identity cannot be established or if there are other circumstances that indicate an apparent danger of flight; and

2) if a crime has been committed against public order and moral, and there are specific circumstances that justify the fear that the suspect might repeat the crime or that the person is going to commit the crime that he or she was threatening with.

(2) The preliminary procedure judge shall rule on detention prior to the filing of the indictment application, and after it has been filed, the same shall be done by the competent individual judge.

(3) The detention shall last for not more than eight days prior to the filing of the indictment application. The Chamber referred to in Article 25, paragraph 5, shall rule on any appeal against the decision.

(4) Any detention imposed after the indictment application has been filed and before the end of the main hearing, shall last for not more than 60 days.

(5) When the defendant is kept in detention, the court shall be obliged to proceed with the utmost urgency.

Article 471
Elements of the indictment application

(1) The indictment application, i.e. the personal legal action shall contain the following: first name and surname of the suspect with his or her personal data, if known, short description of the criminal offense, designation of the court that the main hearing will be held before, proposed evidence to be presented during the main hearing and a motion for the suspect to be found guilty and convicted in accordance with the law.

(2) The indictment application may contain a proposal for a measure to ensure the presence of the suspect. If the suspect is kept in detention or house detention, the indictment application shall specify the day ad time when the suspect has been placed in detention or house detention.

Article 472
Receiving the accusation at the court

(1) When the court receives the indictment application or the personal legal action, the judge shall initially investigate whether the court has proper jurisdiction and whether there are any reasons to reject the indictment application, i.e. the personal legal action.

(2) If the judge does not pass a decision as referred to in paragraph 1 of this Article, he or she shall set a date for the main hearing.

Article 473
Non-jurisdiction

(1) If the judge finds another court to be competent for the trial, he or she shall transfer the case to that court.

(2) After setting a date for the main hearing, it shall not be possible for the court to declare itself non-competent ex-officio, due to lack of territorial jurisdiction.

Article 474
Rejecting the accusation

(1) The judge shall reject the indictment application or the personal legal action, if he or she finds that some of the grounds as referred to in Article 337 of this Law are present.

(2) The decision shall be delivered to the public prosecutor or to the private plaintiff.

Article 475
Reconciliation hearing

(1) Before scheduling a date for the main hearing for crimes that are to be tried by an individual judge and prosecuted upon private lawsuit, the individual judge may summon the private plaintiff and the accused only, to come to the court at a specified date in order to initially clarify certain issues, if he or she believes that it might be expedient for a quicker completion of the procedure. Along with the summons, the accused shall also receive a copy of the private lawsuit.

(2) At this hearing, the individual judge may propose for the private plaintiff and the accused to be referred to a mediation procedure, if both parties agree.

(3) If the parties agree to be referred to a mediation procedure, the individual judge shall enact a decision for referral to mediation and the procedure shall proceed according to the provisions of Articles 491, 492, 493, 494, 495 and 496 of this Law.

(4) If the parties do not agree to be referred to a mediation procedure, and if they do not reconcile and if the personal legal action is not withdrawn during the reconciliation hearing, the judge shall take statements from the parties and call them to put their motions forward, with respect to any evidence to be collected.

(5) If the individual judge does not find any reasons to reject the action, as of a rule, he or she shall set a date for the main hearing immediately and inform the parties thereof.

(6) The individual judge may start the main hearing immediately and after the presentation of the evidence to rule on the personal legal action. In the summons, the private plaintiff and the accused shall be forewarned about this.

(7) The provision of Article 63 of this Law shall be applicable in the event of non-response by the private plaintiff to the summons as referred to in paragraph 1 of this Article.

(8) If the accused fails to appear and the judge decided to start the main hearing, the provision of Article 366, paragraph 4 of this Law shall be applied.

Article 476
Persons that are summoned to the main hearing

(1) The judge shall summon the accused and his or her defense counsel, the plaintiff, the injured party and their legal representatives and attorneys, witnesses, expert witnesses and an interpreter to the main hearing.

(2) The accused shall be informed in the summons, that he or she can come to the main hearing with evidence in his or her defense. In the summons, the accused shall be forewarned that the main hearing shall be held also in his or her absence if the appropriate legal conditions are met (Article 365). Along with the summons, the accused shall receive a copy of the indictment application, i.e. personal legal action and he or she shall be advised of the right to a defense counsel, however, in the event when the defense is not mandatory, one must not postpone the hearing in the event of non-appearance of the defense counsel at the main hearing or assigning a counsel only at the main hearing.

(3) The summons shall be delivered to the accused so as to allow enough time between the delivery of the summons and the day of the main hearing for preparation of the defense, which should be at least eight days. With an ascent of the accused, this period may be shortened.

Article 477
Location of the main hearing

The main hearing shall be held at the location of the court. In emergencies, especially when one needs to conduct a crime scene investigation or when that is in the interest of conducting an easier evidentiary procedure, upon approval by the President of the Court, the main hearing may be held at the place where the criminal offense has been committed or where the investigation took place, if those places fall within the territorial jurisdiction of that court.

Article 478
Objection due to lack of territorial jurisdiction

An objection regarding the territorial jurisdiction shall be possible by the beginning of the main hearing at the latest.

Article 479
Preconditions for the main hearing

(1) The main hearing shall be conducted in the presence of the public prosecutor i.e. the private plaintiff and the defendant.

(2) In the event of criminal offenses that entail a fine or a prison sentence of up to 3 years, if the defendant does not appear at the main hearing, although regularly summoned or if the service of process could not have been properly effectuated since it is obvious that the defendant is avoiding to receive the summons, the court may decide for the main hearing to be held in his or her absence. For all other crimes that are being dealt with in a summary procedure, the presence of the defendant at the main hearing shall be compulsory.

Article 480
Course of the main hearing

(1) The main hearing shall commence with a presentation of the contents of the indictment. Any main hearing that has been commenced shall be completed, if possible, without any interruptions.

(2) If the defendant pleads guilty during the main hearing, one shall proceed in accordance with Article 381 of this Law.

Article 481
Announcing the verdict

(1) After the completion of the main hearing, the court shall immediately announce the verdict and proclaim it along with the essential reasons. The verdict shall have to be prepared in a written form within eight days of its proclamation.

(2) An appeal may be filed against the verdict within eight days from the day of delivery of the copy of the verdict.

(3) The provisions of Article 174 of this Law shall be applied correspondingly also in respect of any cancellation of detention after the announcement of the verdict.

(4) If the court provides for a prison sentence in its judgment, it may order for the defendant to be detained, i.e. to remain in detention, if the reasons as referred to in Article 165, paragraph 1, items 1, 2 and 3 of this Law exist. In such an event, the detention may last until the judgment enters into full effect, but for not longer than 60 days.

Article 482
Notification of the session of the Chamber at the second instance court

(1) When a second instance court is ruling on an appeal against a judgment of a first instance court enacted in a summary procedure, both parties shall be notified about the session of the Chamber at the second instance court, only if the Presiding Judge or the Chamber believes that the presence of the parties would be useful for further clarification of the issues.

(2) If the criminal offense at hand is one that requires the procedure to be conducted upon a motion by the public prosecutor, the Presiding Judge of the Chamber, before the session of the Chamber, shall deliver the case file to the public prosecutor, who can then put forward his or her written motion within a period of eight days.

Chapter XXIX

REACHING A JUDGMENT ON THE BASIS OF A PLEA AGREEMENT BETWEEN THE PUBLIC PROSECUTOR AND THE SUSPECT

Article 483
Filing draft plea agreement

(1) Before raising the indictment, the public prosecutor and the suspect may submit a draft plea agreement requesting from the preliminary procedure judge to impose a criminal sanction determined by type and duration within the legally prescribed limits for the specific criminal offence, however, not lower than the limits for mitigation of the sentence as defined by the Criminal Code.

(2) The Public Prosecutor shall be obliged, along with the draft plea agreement, and together with all the evidence, to enclose a written statement signed by the injured party regarding the type and amount of any legal or property indemnification claim.

(3) The plea agreement procedure shall be conducted between the competent public prosecutor and the suspect, in the presence of his or her defense counsel.

Article 484
Subject of the plea agreement

The subject of the plea agreement shall be the type and duration of the criminal sanction to be proposed in the draft plea agreement, and if consented by the accused, the subject of the plea agreement may also be the legal or property indemnification claim of the injured party.

Article485
Elements of the draft plea agreement

(1) Any submitted draft plea agreement, as referred to in Article 483 of this Law shall have to contain the following:

1) Data on the public prosecutor, the suspect and his or her defense counsel.
2) Description and legal qualification of the criminal offences covered by the draft plea agreement.
3) Proposed criminal sanction by type and duration.
4) Type and amount of any legal or property claims and the manner of its effectuation.
5) Statement by the suspect that he or she is consciously and voluntarily accepting the draft plea agreement and any consequences derived thereof.
6) A statement by the public prosecutor and the suspect that they waive their right to an appeal, provided a judgment accepting the draft plea agreement is passed.
7) The costs for the procedure.
8) Signatures of the public prosecutor, the suspect and his or her defense counsel.
9) Date and venue of concluding the draft plea agreement.

Article 486
Participation of the counsel of the suspect in the plea agreement procedure

(1) The suspect must have a defense counsel present from the moment of commencing the plea agreement procedure.

(2) The suspect shall have a counsel of his or her own choosing. If he or she fails to choose one himself, the president of the competent court shall appoint a counsel ex officio.

Article 487
Non participation of the court in the plea agreement procedure

The judge of the preliminary procedure shall not participate in the plea agreement procedure between the public prosecutor and the suspect and his or her defense counsel.

Article 488
Acting upon the draft plea agreement

(1) The judge of the preliminary procedure shall schedule a hearing for assessment of the draft plea agreement within three days from the receipt of the draft plea agreement.

(2) The judge shall summon at the hearing the persons who filed the draft plea agreement and is obliged to examine if it has been submitted voluntarily, whether the suspect is aware of the legal consequences from its acceptance, any consequences related to any legal or property claims and the costs for the criminal procedure.

(3) Throughout the hearing, the public prosecutor, the suspect and his or her defense counsel must not put forward a motion for a criminal sanction that is different to the criminal sanction contained in the draft plea agreement. If the public prosecutor or the suspect and his or her counsel put such a motion, they shall be considered to have desisted from the draft plea agreement and the judge of the preliminary procedure shall issue a ruling as referred to in paragraph 1 of Article 489 of this Law.

(4) The preliminary procedure judge shall advise the public prosecutor and the suspect and his or her defense counsel of their right to withdraw from the draft plea agreement before the ruling is made.

(5) The preliminary procedure judge shall advise the public prosecutor and the suspect and his or her defense counsel that the acceptance of the draft plea agreement shall be considered as waiving the right of appeal against any judgment reached on the basis of the draft plea agreement.

Article 489
Rejecting the draft plea agreement

(1) If the preliminary procedure judge finds that the collected evidence regarding the facts relevant for selecting and determining the criminal sanction do not justify the pronouncing of the proposed criminal sanction, i.e. that the public prosecutor, the suspect and his or her defense counsel filed a motion during the hearing for a criminal sanction that is different than the one contained in the draft plea agreement, he or she shall enact a decision rejecting the draft plea agreement and submit the case files to the public prosecutor.

(2) In the event of reaching a decision as referred to in paragraph 1 of this Article, the records from the held hearing and the draft plea agreement may not be used in the further course of the procedure, and they shall be treated as provided for in Article 336, paragraph 4 of this Law.

(3) An appeal against the decision reached as referred to in paragraph 1 of this Article shall not be allowed.

Article 490
Judgment on the basis of a draft plea agreement

(1) If the preliminary procedure judge accepts the draft plea agreement, he or she shall pronounce a judgment where he or she must not pronounce a criminal sanction different to the criminal sanction contained in the draft plea agreement.

(2) The judgment shall contain the elements of a judgment of conviction pursuant to Article 404 of this Law.

(3) The judgment shall be announced immediately and prepared in writing within three days of its announcement. The judgment shall be delivered to the public prosecutor, the suspect and his or her defense counsel without any delay.

(4) The injured party shall also receive a copy of the judgment without any delay. If the injured party is dissatisfied with the type and amount of the legal or property indemnification claim awarded with the judgment, he or she may effectuate such right through dispute litigation.

Chapter XXX
MEDIATION PROCEDURE

Article 491
Mediation conditions

(1) In the event when a criminal offense is prosecuted upon a personal legal action, the competent individual judge, at the reconciliation hearing and for the purpose of expedience, may propose to the parties to agree on referral to mediation.

(2) The parties in the mediation procedure shall be the suspect, his or her defense counsel and the injured party and his or her attorney.

(3) The consent may be provided on the record before the individual judge or in a written form, jointly or each of the parties separately. Any consent shall be given not later than three days from the day when the referral to mediation has been proposed.

(4) After the parties have given their consent, the individual judge shall enact a decision, thus referring the parties to mediation.

(5) If the parties do not give consent within the prescribed deadline, the individual judge shall enact a decision, noting that the mediation referral proposal has not been accepted and he or she shall set a date for the main hearing according to the summary procedure provisions.

Article 492
Nomination of a mediator

Within three days from the given consent, the parties shall jointly nominate one or more mediators from the Directory of Mediators and notify the individual judge thereof.

Article 493
Duration of the mediation procedure

The mediation procedure shall last no longer than 45 days from the day when the parties gave their consent to the competent individual judge.

Article 494
Conducting a mediation procedure until an agreement is reached

(1) The mediator shall conduct the mediation procedure until a written agreement has been signed, in accordance with the provisions of the Mediation Law.

(2) In agreement with the parties, the mediator shall set the terms for the mediation. The mediator shall communicate with the parties together or separately. The presence of the parties during the course of the mediation procedure shall be obligatory.

(3) Before the commencement of the mediation procedure, the mediator shall be obliged to introduce the parties to the principles, rules and expenses of the procedure.

Article 495
Completion of the mediation procedure

(1) The mediation procedure may end by signing a written agreement, where the provisions of Articles 495 and 496 of this Law shall be applicable.

(2) Other than with a written agreement, the mediation procedure may also end with the following:
   1) a written statement by the mediator, after consultations with the parties confirming that any further attempts for mediation are not justified, on the day of submission of the statement;
   2) after the expiry of 45 days, confirmed by a notification by the mediator;
   3) if the parties withdraw from the mediation procedure at any time without providing the reasons thereof. It shall be considered that the parties withdrew as of the day when the withdrawal statement has been filed; and
   4) the mediator terminates the mediation procedure with a decision, believing that the agreement reached is unlawful or inappropriate for enforcement.

(3) The written statement, the notification or the decision enacted by the mediator, i.e. the statement of withdrawal by the parties as referred to in paragraph 2 of this Article, shall be

delivered to the individual judge without any delays and he or she shall set a date for the main hearing according to the summary procedure provisions.

Article 496
Signing a written agreement

(1) If the mediation procedure ends by signing a written agreement between the mediator and the parties, such an agreement shall have to contain at least the following elements:
1) information on the suspect, i.e. on the defendant and his or her counsel;
2) information on the injured party, i.e. the private plaintiff;
3) description of the incident and the legal qualification of the crime;
4) the date of commencement of the mediation procedure;
5) total number of meetings held with the parties together or separately;
6) subject of the agreement – claim for damages, performing certain duties by the perpetrator, i.e. the defendant for the benefit of the injured party, an apology by the perpetrator, i.e. the defendant to the injured party, returning objects or anything else that was the subject of an agreement between the parties;
7) a deadline for fulfillment of the obligations not longer than three months;
8) decision on the payment of the procedure expenses;
9) date of compilation of the written agreement;
10) signature by the parties involved in the mediation process; and
11) certification of the agreement by the mediator with a signature and seal issued by the Mediator's Chamber.

(2) Any signed written agreement shall be delivered to the competent court without any delays.

(3) Before the deadline for fulfillment of the obligations has expired, the suspect shall be obliged to show proof of fulfillment of the obligations and payment of the procedural expenses to the competent individual judge.

(4) After receiving the proof and receipt for the procedural expenses paid as referred to in paragraph 3 of this Article, the individual judge shall enact a decision for termination of the procedure.

(5) Any decision enacted as referred to in paragraph 4 of this Article shall be delivered to the suspect and the injured party.

(6) If, after the expiry of the deadline for fulfillment of the obligations, the suspect does not show any proof that he or she fulfilled any obligations provided for in the written agreement, the individual judge shall set a date for the main hearing in accordance with the summary procedure provisions.

Chapter XXXI
PROCEDURE FOR ISSUING A PENAL WARRANT
Article 497
Conditions for issuing a penal warrant

(1) The public prosecutor may put forward a motion for issuing a penal warrant for criminal offenses that are under the competence of an individual judge, when the public prosecutor has enough evidence at his or her disposal.

(2) Any motion for issuing a penal warrant shall contain the following:
1) personal data on the defendant;
2) description of the criminal offense that he or she is accused of;
3) legal qualification of the crime;
4) evidence that the prosecution disposes of; and
5) type and duration of the criminal sanction or another measure that is being proposed to the court.

(3) Along with the motion for issuing a penal warrant, the public prosecutor shall propose to the court to issue one or more of the following criminal sanctions or measures:
1) a fine in the amount of 10 to 100 daily mulcts;
2) probation with an established prison sentence of up to three months or a monetary fine;
3) a ban on driving motor vehicles for up to two years; and

4) forfeiture of assets and property as crime proceeds and seizure of objects.

(4) A private plaintiff, with a private claim may also put forward a motion for issuing a penalty warrant.

Article 498

Denying a motion for issuing a penal warrant

(1) An individual judge shall deny a motion for issuing a penal warrant if the criminal offense at hand is one that does not provide for issuance of such a motion. The Chamber referred to in Article 25, paragraph 5 of this Law shall rule on the appeal by the public prosecutor against the decision for denial, within a period of 48 hours.

(2) If the individual judge believes that the data given in the motion for issuing a penal warrant does not provide sufficient grounds to issue a penal warrant and if, according to that data the judge might expect for some other criminal sanction or measure to be issued, and not the one proposed by the public prosecutor, after the receipt of the indictment application, he or she shall set a date for the main hearing according to the summary procedure provisions.

Article 499

Issuing a penal warrant with a judgment

(1) If the individual judge agrees with the motion as referred to in Article 497 of this Law, he or she shall issue a penal warrant with a verdict, thus imposing the criminal sanctions or any other measures proposed by the public prosecutor.

(2) Any verdict as referred to in paragraph 1 of this Article shall also contain any decision on a legal and property claim, if such a request exists. The rationale shall list only the evidence that justifies the issuance of the penal warrant.

(3) The verdict shall contain an advice for the defendant, as referred to in Article 501, paragraph 2 of this Law, that the verdict shall enter into effect following the expiry of the objection deadline, if an objection has not been filed.

Article 500

Delivery of penal warrants and the right of appeal

(1) The judgment that the penal warrant has been issued with shall be delivered to the defendant and his or her defense counsel if any.

(2) Within eight days from the day of receipt of the judgment, the defendant and his or her defense counsel may file an objection against the judgment in a written form or verbally or on the record at the court. The objection does not have to have a rationale, but it may contain evidence in favor of the defense. The defendant may waive his or her right to object until the moment when the main hearing is set. Any payment of a fine before the expiry of the objection deadline shall not be considered as a waiver of the objection right.

(3) If the defendant misses the deadline for objection for justified reasons, the individual judge shall allow for the return of the previous state of affairs, by applying the provisions of Articles 99, 100 and 101 of this Law.

(4) If the individual judge denies the objection as an untimely or one filed by an unauthorized person, the defendant or the person who filed the objection shall have a right of appeal within a period of three days with the Chamber referred to in Article 25, paragraph 5 of this Law.

(5) If the judge does not deny the objection, he or she shall set a date for the main hearing in accordance with the summary procedure provisions (Articles 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481 and 482 of this Law). In doing so, the individual judge shall not be bound by any proposed criminal sanctions or other measures contained in the public prosecutor’s motion for issuing a penal warranty.

(6) As soon as a date for the main hearing is set, it shall be considered as if the judgment for issuing a penal warrant has never been enacted.

PART THREE
SPECIFIC PROCEDURES
Chapter XXXII
PROCEDURE FOR ISSUING ALTERNATIVE MEASURES

Article 501
Issuing a court reprimand

(1) A court reprimand shall be issued with a decision.

(2) Unless provided otherwise in this Chapter, the provisions of this Law that refer to a guilty verdict shall correspondingly be applicable to the court reprimand decision.

Article 502
Court reprimand decision

(1) The court reprimand decision shall be proclaimed immediately after the completion of the main hearing along with the essential reasons thereof. In such an event, the presiding judge shall forewarn the defendant that he or she shall not be sentenced for the committed criminal offense, since it is expected for the court reprimand to have sufficient influence over him or her not to commit any further crimes. If the court reprimand decision is proclaimed in the defendant's absence, the court shall incorporate such a warning in the rationale to the decision. In the event of any waiver of the right to appeal or with regards to the drafting of the written decision one shall apply the provision of Article 486, paragraph 2 of this Law accordingly.

(2) The court reprimand decision, besides the personal data on the defendant, shall also specify that the defendant is being reprimanded by the court for the criminal offense that he or she has been indicted for and the legal title of the criminal offense. The court reprimand decision shall also comprise the required data as referred to in Article 404, paragraph 1, items 5 and 7 of this Law.

(3) The court shall present the reasons for the enactment of the court reprimand in the rationale of the decision.

Article 503
Disproving the court reprimand decision

(1) The court reprimand decision may be disproved on the grounds as referred to in Article 414, items 1, 2 and 3 of this Law, as well as due to non-existence of any circumstances that would justify the issuance of a court reprimand.

(2) If the court reprimand decision contains a decision for security measures, forfeiture of property and crime proceeds and seizure of objects, criminal procedure expenses or for any legal or property claim, such a decision may be disputed on the grounds that the court did not apply correctly the security measure or the one for forfeiture of crime proceeds, i.e. that the court enacted the decision on the criminal procedure expenses or on the legal or property claim contrary to the legal provisions.

Article 504
Violation of the Criminal Code when issuing a court reprimand

There shall be a violation of the Criminal Code if a court reprimand has been issued, except in the situations as referred to in Article 416, items 1, 2, 3, 4, 5 and 6 of this Law, also when the authority of the court provided by the law has been exceeded by the court reprimand decision, or a decision for the issuance of a security measure or forfeiture of property and crime proceeds and seizure of objects.

Article 505
Appealing the court reprimand decision

(1) If the appeal against the court reprimand decision was filed by the plaintiff to the detriment of the defendant, the second instance court may pass a judgment, thus finding the defendant guilty and sentencing him or her to prison or to probation, if it finds that the first instance court has properly established the decisive facts, however, following the correct application of the law, the person should have been sentenced.

(2) Upon an appeal against the court reprimand decision by any of the parties, the second instance court may pass a judgment, thus overruling the indictment or dropping all charges against the defendant, if it finds that the first instance court has properly established the decisive facts, and following the correct application of the law, the passing of one of those verdicts has been vouched for.

(3) If the conditions as referred to in Article 434 of this Law are met, the second instance court shall enact a decision, thus rejecting the appeal as an ungrounded one and affirming the court reprimand decision of the first instance court.

Article 506
Passing alternative measures

(1) In the event of the following alternative measures that may be passed for certain crimes: community work, conditional termination of the criminal procedure and house detention, upon a motion by the public prosecutor, and if the conditions for the application of these criminal sanctions provided for in the Criminal Code have been met, the court may pass these measures without holding a main hearing.

(2) Any private plaintiff may also put forward a motion for passing of alternative measures.

(3) Before passing the verdict, the individual judge shall summon the parties. If the defendant, before the court, objects the enactment of a verdict passing alternative measures, the court shall open up a main hearing and the procedure shall continue pursuant to the provisions on the main hearing in accordance with this Law.

(4) If the defendant agrees with the motion, the court shall pass a verdict, thus imposing the proposed alternative measure.

(5) In its verdict that provides for useful community work as a primary criminal sanction, the court shall specify the following:

a) what is the crime that the person has been found guilty of, by indicating the facts and circumstances that characterize the criminal offense, as well as the ones that the application of a specific provision of the Criminal Code depends on;
b) legal title of the criminal offense and the provisions of the Criminal Code that have been applied;
c) total number of hours of useful community work;
d) total number of hours that have to be completed during a single week;
e) location of performing useful community work;
f) any consequences in the event of non-observance of the measure and the manner of replacement of community work with a prison sentence.

(6) If the court, in its verdict, issued a fine of up to 90 daily mulct or a prison sentence of up to three months and the defendant put forward a motion for replacement with an alternative measure of useful community work as referred to in Article 58-a, paragraph 3 of the Criminal Code, the court shall enact a decision on the manner of replacement of the fine, i.e. the prison sentence with useful community work.

(7) Besides the alternative measures in the verdict as referred to in paragraph 4 of this Article, the court may also pass a measure of forfeiture of property and crime proceeds and seizure of objects when the legal conditions for those measures have been met and the court may rule on any legal or property claims by the injured party.

(8) If a verdict as referred to in paragraph 4 of this Article has been passed, it shall be considered as if the parties have waived their right of appeal.

Article 507
Decision on termination of procedure

(1) When the legal conditions for conditional termination of the criminal procedure have been met (Article 58-a of the Criminal Code), upon a motion by the authorized plaintiff, the court shall enact a decision for termination of the procedure, thus establishing the deadline for termination of the procedure and the duty of the perpetrator not to commit any new criminal offense during that period and to fulfill all other prescribed obligations.

(2) After the termination period has expired, the court shall enact a decision for termination of the

procedure if the perpetrator observed the conditions and obligations as determined in the termination of procedure decision.

(3) Within a period of eight days, the parties shall have a right to appeal against the decision referred to in paragraph 1 of this Article.

Chapter XXXIII
PROCEDURE AGAINST LEGAL PERSONS
1. General provisions
Article 508
Application of the procedure

(1) The provisions of this Chapter shall be applied in the procedure of establishing criminal responsibility and sentencing and imposing other measures for legal persons as perpetrators of criminal acts.

(2) If not determined otherwise with the provisions of this Chapter, in the procedure against legal persons, one shall appropriately apply the provisions of this Law on: the basic principles; territorial jurisdiction; consequences of non-jurisdiction and conflict of jurisdiction; exclusion; defendant; defense counsel; petitions; records; deadlines; reinstatement of prior state of affairs; costs; claims for indemnification; rendering and pronouncing decisions; service of process; summoning; holding in custody; guarantees and seizure of travel documents; detention; proof ability; summary procedure, pronouncement of the measure forfeiture of property and crime proceeds and seizure of objects; regular and extra-ordinary legal remedies and on the procedure for compensation of damages in the event of unjustifiably convicted persons.

Article 509
Expediency of initiating a criminal procedure

(1) When a criminal report is submitted against a responsible person or representative of a legal person, if there are grounds for suspicion that the conditions for criminal responsibility of the legal persons as determined with the Criminal Code are met, the public prosecutor, ex officio, may request an initiation of a criminal procedure for the same criminal offense also against the legal person.

(2) The public prosecutor may decide not to prosecute or to waive the right of criminal prosecution in accordance with Article 45 of this Law, if the legal person doesn't have any property, or the property is so limited, that it cannot cover even the costs of the criminal procedure, or if a bankruptcy procedure is conducted against the legal person.

(3) A single procedure shall be conducted for the legal person and the responsible person of the legal person, but if there are justifiable reasons, the procedures may be conducted separately.

Article 510
Court jurisdiction

(1) The Court where the seat of the legal person, i.e. the representative office of the foreign legal person is located shall be competent for any criminal procedures against the legal person.

(2) If a foreign legal person doesn't have a representative office on the territory of Republic of Macedonia, or if a single procedure against the legal person and the responsible person of the legal person is being conducted, the jurisdiction of the Court shall be established according to the general provisions on territorial jurisdiction of this Law.

Article 511
Representative of a legal person in the criminal proceedings

(1) Any authorized representative of the legal person who has all the rights and can undertake any actions that the defendant is authorized to undertake in the criminal procedure shall participate in the procedure against the legal person.

(2) An authorized representative of the legal person shall be the responsible person in the legal person as determined by the law, a decision based on the law, statute or other general act of the managing bodies of the legal person. If the authorized representative is also accused for

the criminal offense, for which a procedure against the legal person is conducted too, or if he or she is summoned as a witness in the procedure, or there are existing factual or legal obstacles for him or her to represent the legal person, the legal person shall be obliged to assign, with a written letter of attorney, another representative from amongst the responsible persons or employees of the legal person. The written power of attorney may be also given on record before the court that is conducting the procedure.

(3) The legal person shall be obliged to deliver to the court a brief on the power of attorney of his representative, as well as proof of his authorization. The court, before the commencement of the main hearing shall establish the identity of the legal person's representative and his authorization for participation in the procedure.

(4) Any legal person shall be obliged to assign a representative within 8 days from the day of receipt of the summons for the main hearing. If the legal person, within this deadline, does not assign a representative and does not inform the court thereof, the court before which the procedure is being conducted shall assign a representative of the legal person ex-officio and inform the legal person accordingly.

(5) The ex-officio representative shall be assigned by the court from amongst the responsible persons or employees at the legal person, and if that is not possible from amongst its attorneys.

(6) The court shall also assign an ex officio representative when the legal person ceased to exist before the final completion of the criminal procedure, if, within 8 days from the termination of the legal person, the representative did not nominate his or her legal successor.

(7) If the legal person assigns as a representative a person who cannot assume that kind of capacity according to the provisions in paragraph 2 of this Article, the court shall oblige it to assign another representative within 8 days. If the legal person does not assign a new representative within 8 days, or if it cancels the power of attorney of the already assigned representative, the court shall assign a representative ex officio.

(8) The court shall assign the ex-officio representative with a decision, that may be appealed by the legal person and the assigned representative by that legal person, which shall not prevent its enforcement.

(9) Any necessary expenses for the representative of the legal person, as well as the award for the representative assigned ex-officio shall become part of the overall expenses of the criminal procedure.

Article 512
Defense counsel of a legal person in a criminal procedure

(1) Any accused legal person may have a defense counsel selected by the authorized representative of the legal person. When an attorney has been assigned as an ex-officio representative of the legal person, he or she shall also be defending the accused legal person.

(2) Any legal and responsible persons against whom a single procedure is being conducted for the same criminal offense, may have a common defense counsel, if that is not contrary to the interests of their defense.

Article 513
Delivery of writs

(1) Any summons and legal notices, as well as any decisions shall be delivered to the address of the registered seat of the legal person, i.e. the address of the representative of the legal person. If, during the criminal proceedings, the legal person changed its seat, it is obliged within 3 days to inform the court about the new seat and address, otherwise, any service of process at the previously known address shall be considered as appropriate.

(2) Any sentencing verdict of the legal person shall be delivered to the representative of the legal person in person. If the service of process in person is not successful, an appropriate service of process shall be considered if sent by registered mail to the address of the registered seat of the legal person or to the address of its representative.

Article 514

Apprehension

If a regularly summoned representative of a legal person does not respond to the summons and does not justify his or her absence, the court may order for the person to be brought in to the court.

2. Accusation and main hearing

Article 515

Contents of the indictment

Any indictment against a legal person has to also contain the name of the accused legal person, its seat according to the data in the Central Registry of the Republic of Macedonia, its registry number, first name and surname of its representative and his or her address, as well as the citizenship and passport number of the foreign person assigned as a representative of the legal person.

Article 516

Examination and closing arguments

(1) At the main hearing, in a single procedure against the legal and responsible person, the responsible person shall be examined first, for every single count of the indictment, followed by the representative of the legal person.

(2) The court shall establish the order of presentation of evidence, starting with any evidence that refers to the responsible person.

(3) After the closing arguments of the defense counsel and the representative of the legal person, closing arguments shall be presented by the defense counsel of the responsible person and the responsible person.

(4) The provisions on passing a verdict without a main hearing (Article 497 of this Law) shall also be applicable in any criminal procedure against legal persons.

(5) If a defense counsel is provided for, the court may decide for the main hearing to be held without the presence of a representative of the legal person, if he or she has been regularly summoned and did not justify his or her absence, if it believes that his or her presence is not essential.

Article 517

Safeguarding measures

(1) During the proceedings, upon a motion by the public prosecutor, the court may impose one or more temporary measures in accordance with the provisions on temporary safeguarding or seizure of objects or property as referred to in Articles 194, 195, 196, 197, 198, 199, 200, 201, 202, 203 and 204 of this Law, as well as a prohibition of performing certain activities or all activities of the legal person until the completion of the proceedings and a ban on any statutory changes at the legal person. Any prohibitions shall be recorded in the registry of the court or other registries.

(2) Any prohibitions as referred to in paragraph 1 of this article shall be imposed with a decision, which may be appealed by the representative of the legal person within 3 days with the trial Chamber as referred to in Article 25, paragraph 5 of this Law. Any appeal shall not prevent the enforcement of the decision.

3. Verdict and legal remedies

Article 518

Contents of the verdict for the legal person

Any verdict against a legal person shall have to contain the name of the legal person and its seat, registry number, first name and surname of its representative and address, as well as the citizenship and the number of the travel document of the foreign national who has been nominated as a representative of the legal person.

Article 519

Termination of the procedure

The court, with a decision, shall terminate the procedure if the legal person ceased to exist during the procedure, and there are no conditions for sentencing or a measure of forfeiture of property and crime proceeds or seizure of objects.

Article 520
Registration and delivery of temporary or permanent prohibitions to perform certain operations

(1) The final and enforceable judgment that provides for temporary or permanent prohibition of the legal entity to perform a specific activity, ex-officio, without any delay, shall be delivered by the court of first instance to the Central Registry of the Republic of Macedonia in order for the sentence to be registered.

(2) When the verdict provides for termination of the legal person, after it enters fully into effect, without any delay, it shall be delivered to the court that is competent for the procedure for termination of the legal person.

Article 521
Extraordinary legal remedies

In a criminal procedure against a legal person, one may use the extraordinary legal remedies of a motion for repetition of the procedure and motion for protection of legality.

Chapter XXXIV
PROCEDURE FOR APPLICATION OF SAFEGUARDING MEASURES, FORFEITURE OF PROPERTY AND CRIME PROCEEDS, SEIZURE OF OBJECTS AND REVOCATION OF SUSPENDED SENTENCES

1. Procedure for the application of safeguarding measures

Article 522
General provisions on safeguarding measures

(1) If the defendant committed a criminal offense in a morally irresponsible state, the public prosecutor shall put forward to the court a motion for a safeguarding measure of compulsory psychiatric treatment and placement of the perpetrator in a healthcare institution, i.e. a motion for a compulsory psychiatric treatment of the perpetrator at liberty, if the conditions for such a measure as provided for in the Criminal Code have been met.

(2) In such an event, if the defendant is detained, the detention shall be recalled with a decision, and the person shall not be released but temporarily placed in an appropriate healthcare institution or another appropriate facility until the completion of the procedure for the application of the safeguarding measures.

(3) Along with the measure as referred to in paragraph 1 of this Article, the court may also impose a temporary prohibition on performing a specific profession, activity or duty or a ban on driving a motor vehicle. The court's decision shall be delivered to the competent authorities or organizations that the perpetrator works for, or which are competent for the supervision of the prohibition implementation.

(4) The defendant shall have to have a defense counsel as of the moment when the motion as referred to in paragraph 1 of this Article is put forward.

Article 523
Passing a safeguarding measure and termination of the procedure for its application

(1) Following the main hearing, the court that is competent for adjudication in the first instance shall rule on the application of any safeguarding measures of compulsory psychiatric treatment and placement in a healthcare institution or compulsory psychiatric treatment at liberty.

(2) Apart from the persons that are to be regularly summoned, physicians-psychiatrists shall be also summoned at the main hearing, from the healthcare institution that has been tasked with preparing an expert report on the sanity of the defendant. The defendant shall be summoned, if his or her condition provide for his or her presence at the main hearing. The spouse, i.e.

extra-marital partner of the defendant shall be notified about the main hearing, as well as his or her parents or custodian, and other close relatives if so required by the circumstances.

(3) If the court, on the basis of any presented evidence, establishes that the defendant committed a specific criminal offense, and that he or she was morally insane at the time when the criminal offense was committed, it shall decide, on the basis of the examination of the summoned persons and the findings and opinions by the expert witnesses, whether the defendant should be issued a safeguarding measure of compulsory psychiatric treatment and placement in a healthcare institution, i.e. a compulsory psychiatric treatment at liberty. When deciding which of the safeguarding measures is to be applied, the court shall not be bound by the motion by the public prosecutor.

(4) If the court declares the defendant to be insane, it shall terminate the procedure for application of safeguarding measures.

(5) Any person who has the right to appeal the verdict (Article 411 of this Law), except the injured party, shall have the right to appeal against the court's decision within a period of eight days after its receipt.

Article 524

Motion for a safeguarding measure for the purpose of amending the indictment

Any of the measures as referred to in Article 522, paragraph 1 of this Law may also be passed when the public prosecutor amends the indictment, i.e. the indictment application at the main hearing, by putting forward a motion for passing such measures.

Article 525

Passing a safeguarding measure in a case of a significantly reduced sanity

When the court sentences a person who committed a criminal offense in a state of a significantly reduced sanity, the same verdict shall also provide for a safeguarding measure of compulsory psychiatric treatment and placement in a healthcare institution or compulsory psychiatric treatment at liberty or a compulsory treatment of alcohol and drug addicts, if the court establishes that the legal conditions thereof have been met.

Article 526

Delivery of the enforceable decision to the court that is competent to rule on deprivation of work competence

The final and enforceable decision for the safeguarding measure of compulsory psychiatric treatment and placement in a healthcare institution, i.e. compulsory psychiatric treatment at liberty, in accordance with Articles 523 and 525 of this Law shall be delivered to the court, which is competent to rule on any deprivation of work competence. The entity for custody shall also be notified about the decision.

Article 527

Supervision of the implementation of the safeguarding measure of compulsory psychiatric treatment and placement in a healthcare institution and discharge of the perpetrator

(1) Ex-officio or upon proposal by a healthcare institution or the entity for custody, and after interviewing the public prosecutor, the court that passed the safeguarding measure of compulsory psychiatric treatment and placement in a healthcare institution in the first instance shall recall this measure and order for the perpetrator to be discharged from the healthcare institution, if it establishes, on the basis of the opinion provided by the physician, that there is no more need for treatment and holding of the perpetrator at the institution, and it may also order for compulsory psychiatric treatment of the person at liberty.

(2) If a person whose sanity was significantly reduced is being discharged from a healthcare institution, and if he or she spent less time at the institution then the prison sentence he or she was convicted of, with a discharge decision, the court shall decide whether the person will serve the rest of the sentence or he or she shall be released on probation. Any person released on probation may be issued with a safeguarding measure of compulsory psychiatric treatment at liberty, if the legal conditions thereof have been met.

(3) Ex-officio or upon proposal by the management of the healthcare institution where the defendant was treated or was supposed to be treated, and after interviewing the public prosecutor, the court may impose a safeguarding measure of compulsory psychiatric treatment and placement in a healthcare institution on a perpetrator who has been previously issued with a measure of compulsory psychiatric treatment at liberty, if it establishes that the perpetrator did not undergo any treatment or has self-willingly abandoned it, or that regardless of the treatment, the person remains so dangerous for his or her surroundings, that his or her placement and treatment in a healthcare institutions is still vouched for. Before passing a decision, if necessary, the court shall obtain an opinion by a doctor, and the defendant shall be heard if his or her conditions allow it.

Article 528
Implementation of the safeguarding measure of compulsory treatment of alcohol and drug addicts

(1) The court shall rule on the possible implementation of the safeguarding measure of compulsory treatment of alcohol and drug addicts, after it has obtained a finding and opinion by an expert person. The expert should also provide an opinion regarding the possibilities for treatment of the defendant.

(2) If, when sentenced to probation, the perpetrator has been ordered to get some treatment while at liberty, and he or she did not undergo any treatment or has self-willingly abandoned it, the court, ex-officio, or upon proposal by the institution where the perpetrator was treated or was supposed to be treated, and after examining the public prosecutor and the perpetrator, may decide to recall the probation or order forcible enforcement of the imposed measure of compulsory treatment of alcohol and drug addicts in a healthcare institution or another specialized institution. If necessary, before making its decision, the court shall obtain an opinion from a doctor.

2. Procedure for seizure of objects and forfeiture of assets and crime proceeds

Article 529
Seizure of objects

(1) Any objects that have to be seized according to the Criminal Code shall also be seized even in the event when the criminal procedure has not ended with a conviction of the defendant.

(2) The entity before which the procedure was being conducted at the moment when the procedure was completed i.e. discontinued shall enact a separate decision thereof.

(3) The decision for seizure of the objects as referred to in paragraph 1 of this Article shall be enacted by the court, even if the verdict of conviction does not provide for such a decision.

(4) A certified copy of the decision for seizure of objects shall be delivered to the owner of the objects, if known.

(5) The owner of the objects shall have a right to appeal against the decision as referred to in paragraphs 2 and 3 of this Article, due to lack of legal grounds for the seizure of the objects. If the decision as referred to in paragraph 2 of this Article was not passed by the court, the appeal shall be ruled on by the Trial Chamber referred to in Article 25, paragraph 5 of this Law, of the court that was competent for adjudicating in the first instance.

Article 530
General provisions on forfeiture of assets and crime proceeds

(1) Any assets and crime proceeds that originate from the crime shall be established in a criminal procedure.

(2) During the procedure, the public prosecutor shall be obliged to collect evidence and inspect all circumstances, which are important for the establishment of assets and crime proceeds and to propose any measures as referred to in Article 202, paragraph 1 of this Law.

(3) If the injured party claimed any damages in view of returning the objects obtained with the criminal offense, i.e. in view of the amount that is equivalent to the value of the objects, the crime proceeds shall be established only for the part that is not covered with the legal or property claim.

Article 531
Procedure for forfeiture of assets and crime proceeds

(1) When performing forfeiture of assets and crime proceeds, the person to whom the crime proceeds have been transferred, as well as the representative of the legal person shall be summoned to be heard during the preliminary procedure and at the main hearing. In the summons, they shall be forewarned that the procedure shall be also conducted in their absence.

(2) Any representative of a legal person shall be examined at the main hearing after the defendant. It shall be proceeded in the same manner in reference of the person to whom the crime proceeds have been transferred, if he or she has not been summoned as a witness.

(3) Any person that the property interest has been transferred to, as well as any representative of a legal person, in reference to the establishment of the crime proceeds, shall be authorized to tender evidence and upon authorization of the Presiding Judge of the Trial Chamber to question the defendant, the witnesses and expert witnesses.

(4) Any exclusion of the public from the main hearing shall not refer to the person that the assets and crime proceeds have been transferred to and to the representative of the legal person.

(5) If, during the main hearing, it is established that forfeiture of assets and crime proceeds is possible, the public prosecutor shall propose for the main hearing to be adjourned and summon the person that the assets and crime proceeds have been transferred to, as well as the representative of the legal person.

Article 532
Establishing the amount of the value of the assets and crime proceeds

(1) In collecting the required evidence for the establishment of the correct amount of the assets and crime proceeds, the public prosecutor may ask for any necessary information from other state entities, financial institutions, other legal persons and citizens who shall be obliged to submit them without any delay.

(2) If there are any suspicions that the assets have been moved abroad, the court shall be obliged to issue an international warrant or notification.

Article 533
Extended forfeiture

(1) The court shall provide for an extended forfeiture under the terms prescribed in the Criminal Code, if the defendant cannot prove that he has lawfully acquired the assets or property within one year as of the day of the commencement of the main hearing.

(2) If the court reaches a judgment in the first instance regarding the criminal offense within a term shorter than the one stipulated in paragraph 1 of this Article, when the legal conditions for the measure of extended forfeiture are met, the court shall provide for such a measure with a supplementary judgment that may be appealed in accordance with the provisions of this Law.

Article 534
Issuing a measure of extended forfeiture against a third party

(1) The court shall also order the measure of extended forfeiture against a third party by means of a decision under the terms prescribed in the Criminal Code, if within two years as of the day of commencement of the specific forfeiture procedure, the person cannot prove that he or she has indemnified the asset or property according to their value.

(2) The procedure for the measure of extended forfeiture shall be conducted upon a motion by the public prosecutor.

(3) The person shall have a right to file an appeal against the decision referred to in paragraph 1 of this Article within eight days, with the immediate superior court.

Article 535
Providing temporary safeguarding measures

(1) When the conditions for forfeiture or extended forfeiture of assets and crime proceeds are met, the court, upon a motion by the public prosecutor, shall order temporary safeguarding measures as provided for in Article 194 of this Law.
(2) The court may order the measures as referred to in paragraph 1 of this Article, against third parties, who are suspected recipients of assets and property resulting from a criminal offense, without appropriate reimbursement.
(3) One may appeal the decision of the court ordering temporary safeguarding measures, within 8 days.
(4) The immediate superior court shall rule on the appeal within a period of 8 days.

Article 536
Contents of the decision for forfeiture of assets and crime proceeds

(1) The court may provide for forfeiture of crime proceeds in the guilty verdict for the defendant, in the decision for court reprimand or in the decision for application of an educational measure, as well as in the decision imposing a safeguarding measure.
(2) In the verdict or in the decision, the court shall indicate the piece of property or an object, or the monetary amount that is being forfeited.
(3) A certified copy of the verdict i.e. the decision shall also be submitted to the person that the crime proceeds have been transferred to, as well as to the representative of the legal person, if the court ordered forfeiture of assets and crime proceeds that belong to that person i.e. to that legal person.

Article 537
Motion for repetition of the procedure in view of the decision for forfeiture of assets and crime proceeds

The person as referred to in Article 531 of this Law may file a motion for repetition of the criminal procedure in accordance with Article 449 of this Law, with respect to the decision for forfeiture of assets and crime proceeds.

Article 538
Appropriate application of the provisions of this Law in respect of the appeal

The provisions of Article 412, paragraphs 2 and 3 of this Law and Articles 420 and 424 of this Law shall be applicable in respect of the appeal against the decision for forfeiture of assets and crime proceeds accordingly.

Article 539
Appropriate application of the other provisions of this Law

If the provisions of this Chapter do not provide otherwise with respect to the procedure for application of safeguarding measures or for forfeiture of assets and crime proceeds, the other provisions of this Law shall be applicable accordingly, if not established otherwise in the provisions of this Law.

Article 540
Special procedure for forfeiture of assets and crime proceeds and seizure of objects

(1) When there are factual and legal impediments for conducting a criminal procedure against a perpetrator of a crime, upon a motion by the public prosecutor, the court shall conduct a special procedure for forfeiture of assets and crime proceeds and seizure of objects, if the conditions provided for in the Criminal Code are met.
(2) In the procedure as referred to in paragraph 1 of this Article, upon proposal by the public prosecutor, the necessary evidence shall be presented. By means of a decision, the court shall order the measure of forfeiture of assets and crime proceeds and seizure of objects if it is proven that the assets and the property have been obtained with the commission of a criminal offense or that the objects have been used to commit the criminal offense or have resulted from it, or that they have to be forfeited according to the provisions of the Criminal Code.

(3) The person whose assets and property have been forfeited may appeal the decision of the court referred to in paragraph 2 of this Article within eight days, with the immediate superior court.

Article 541
Enforcement of forfeiture of assets and crime proceeds

(1) The forfeiture of assets and crime proceeds shall be enforced within 30 days after the judgment enters into full effect.
(2) The enforcement order shall be issued by the court, which has passed the first instance judgment.
(3) The enforcement shall be executed against the assets and crime proceeds as defined in the court decision, and if that is partially or entirely impossible to be accomplished, the enforcement shall be executed against the remaining part of the property owned by the person against whom such a measure has been issued.
(4) An objection to the enforceability shall not be allowed, and any forcible enforcement shall be stopped only if the person voluntarily returns the property or deposits the appropriate amount of the property value in the account of the court. Any banks and other financial institutions, which hold the account that is subject of this measure, shall be obliged to enforce it without any delay and prevent any possible transfers or financial transactions.
(5) All legal acts concluded after the criminal offense was committed, with intent to reduce the value of the assets or property that is subject to forfeiture, shall be considered invalid.
(6) An objection shall be allowed only against the court order for enforcement of forfeiture of the remaining property.
(7) Any objection shall be filed within a period of eight days with the immediate superior court, which shall have to rule on the objection within eight days.

3. Procedure for recalling probation
Article 542
General provision

(1) When the probation judgment provides for the enforcement of the sentence only if the convicted person does not return the crime proceeds, does not compensate for any damages or does not fulfill other obligations, and the convicted person does not fulfill those obligations within the prescribed deadline, the court that adjudicated in the first instance shall conduct a procedure to recall the probation upon a motion by the authorized plaintiff, or ex-officio.
(2) Any judge assigned for that task shall hear the convicted person if he or she is available and conduct all necessary investigations in order to establish the facts and collect the evidence that is essential for the decision.
(3) The presiding judge shall then schedule a session of the Trial Chamber and notify the plaintiff, the convicted person and the injured party thereof. Any non-appearance by the parties and the injured party, although regularly summoned, shall not prevent the session of the Chamber to be held.
(4) If the court establishes that the convicted person did not fulfill the obligation imposed with the judgment, it shall pass a judgment, thus extending the deadline for fulfillment of the obligation, relieve the person from such an obligation or replace it with another appropriate obligation as prescribed by the law, or recall any probation and order for the sentence to be enforced. If the court finds that there are no proper grounds for the enactment of some of those decisions, it shall terminate the procedure for recalling the probation by means of a decision.

Chapter XXXV

PROCEDURE FOR ENACTING A DECISION ON SHORTER DURATION OF PROHIBITIONS, TERMINATION OF ANY LEGAL CONSEQUENCES OF THE CONVICTION AND DELETING A CONVICTION FROM A RECORD

Article 543
Decision on deletion of conviction

(1) When, according to the law, a deletion of a conviction happens after the expiration of a specific time period, provided that in that period the convicted person has not committed a new criminal offense, the decision to delete the conviction shall be enacted by the court ex-officio, as the competent entity to maintain the criminal records.

(2) Before the enactment of the decision to delete the conviction, all necessary verifications shall be conducted, and information shall be obtained as to whether criminal proceedings are under way against the convicted person for some new criminal offense committed before the expiration of the period provided for the deletion of the conviction.

Article 544
Request to establish that the deletion of the conviction has been done according to the law

(1) If the court does not enact a decision to delete the conviction, the convicted person may ask to be established that the deletion of the conviction has been done according to the law.

(2) The court shall rule on such a request, after examination of the public prosecutor, if the procedure was conducted upon his or her motion.

Article 545
Decision on deletion of a suspended sentence conviction

If a suspended sentence has not been revoked even one year after the probationary period has ended, the court that tried the case in the first instance shall render a decision to delete the suspended sentence conviction. This decision shall be delivered to the convicted person and to the public prosecutor, if the procedure was conducted upon his or her motion.

Article 546
Procedure for deletion of a conviction

(1) The procedure for deletion of a conviction on the basis of a court decision shall be initiated upon a motion by the convicted person.

(2) The motion shall be filed with the court that tried the case in the first instance.

(3) The judge assigned to this matter shall first examine whether the time required by law has passed, and then he or she shall make the necessary investigations, establish the facts to which the applicant refers and obtain evidence on all circumstances important for the decision.

(4) The court may ask for a report concerning the convicted person's behavior from the courts in whose jurisdiction the convicted person lived after serving his or her sentence, and it may also ask for such a report from the administration of the institution where the convicted person served his or her sentence.

(5) When the investigations have been conducted, and after the public prosecutor has been examined, if the procedure was conducted upon his or her motion, the judge shall deliver the case files, along with a substantiated recommendation, to the Trial Chamber, which tried the case in the first instance.

(6) The applicant and the public prosecutor may file an appeal against the court’s decision on the motion for deletion of a conviction.

(7) If the court denies the motion because the behavior of the convicted person has not been such as to earn deletion of the conviction, the convicted person may put forward the same motion again if 2 years have passed from the date when the decision denying the motion has entered into full effect.

(8) Any certificate being issued to the citizens regarding the deletion of the conviction on the basis of the criminal records, for the purpose of exercising their rights abroad, shall not mention the conviction that has been deleted.

Article 547

Procedure for shorter duration of any prohibitions to engage in a vocation and activity and to hold a position, prohibition to drive a motor vehicle or for termination of legal consequences of a conviction and for deletion of a conviction

(1) Any motion for shorter duration of any prohibitions to engage in a vocation and activity and to hold a position, prohibition to drive a motor vehicle or for termination of legal consequences of a conviction and for deletion of a conviction shall be put forward with the court that tried the case in the first instance.

(2) The judge assigned to the matter shall first examine whether the time required by law has passed, then conduct the necessary investigations, establish the facts the applicant refers to, and gather evidence on all circumstances important for the decision.

(3) The judge may ask for a report from the courts in whose jurisdiction the convicted person lived after the primary sentence was served, remitted or after the statute of limitations expired, and he or she may also ask for such a report from the institution where the convicted person served his or her sentence.

(4) After the investigations have been conducted, and after the public prosecutor has been examined, if the procedure was conducted upon his or her motion, the judge shall deliver the case files, along with an argued recommendation, to the court competent to rule on the motion as referred to in paragraph 1 of this Article.

(5) The court referred to in paragraph 4 of this Article shall previously obtain an opinion by the public prosecutor who is proceeding before that court, if the procedure was conducted upon his or her motion.

Article 548

Denying the motion

Should the motion be denied, a new motion may not be filed before the expiry of one year from the date when the decision denying the previous motion has entered into full effect.

Chapter XXXVI

PROCEDURE FOR COMPENSATION FOR DAMAGES, REHABILITIATION AND EXERCISING OTHER RIGHTS OF PERSONS WHO HAVE BEEN UNJUSTIFIABLY CONVICTED AND UNGROUNDEDLY OR UNLAWFULLY DEPRIVED OF THEIR LIBERTY

Article 549

Persons who have the right to be compensated due to ungrounded conviction

(1) Any individual shall be entitled to compensation for damages due to ungrounded conviction if he or she received a criminal sanction that entered into full effect or if he or she was found guilty and relieved from the sentence, but later, on the basis of an extraordinary legal remedy the new procedure was validly terminated or a final and effective verdict acquitted him or her of all charges or if the charges were dismissed, except in the following cases:

1) if the procedure was terminated or if the judgment to dismiss the charge was passed because in the new proceedings the private plaintiff has withdrawn from prosecution or the injured party has withdrawn the application and this withdrawal occurred on the basis of an agreement with the accused; and

2) if, by means of a decision, the indictment was rejected during the new procedure, due to lack of jurisdiction of the court, and the authorized plaintiff pursued the prosecution before the competent court.

(2) Any convicted person shall not be entitled to compensation for damages if he intentionally brought about his conviction by his or her own false confession or in some other manner, unless he or she was compelled to do so.

(3) In the case of conviction for concurrent crimes, the right to compensation for damages may pertain to individual crimes insofar as the convictions for those crimes meet the conditions for recognition of compensation.

Article 550
Filing for compensation of damages

1) The right to be compensated for damages shall expire in three years from the date when the verdict acquitting the accused of the charge or dismissing the charges entered into full effect, i.e. in three years from the date when the decision to reject the indictment or terminate the procedure entered into full effect, and if a superior court was ruling on the appeal, in a period of three years from the date when the decision of the superior court was received.

(2) Before filing a claim for compensation of damage with the court, the injured party shall be obliged to file a request with the Ministry of Justice so that an agreement might be reached as to the existence of any damage and the type and amount of compensation.

(3) In the case as referred to in Article 549, paragraph 1, item 2 of this Law, a decision may be made on the claim only if the authorized plaintiff has not undertaken prosecution before the competent court within 3 months from the date of receipt of the final enforceable verdict. If the authorized plaintiff undertakes prosecution before the competent court after the expiration of that period, the proceeding for compensation of damages shall be suspended until the completion of the criminal proceedings.

Article 551
Filing a claim for compensation of damages

(1) If a motion for compensation of damages is not accepted by the Ministry of Justice, or if it does not render a decision concerning such a motion within 3 months from the date when the motion was put forward, the injured party may file a claim for compensation of damages with the competent court. If an agreement has been reached only concerning a part of the claim, the injured party may file a suit with respect to the remainder of the claim.

(2) As long as the proceeding referred to in paragraph 1 of this Article lasts, the statute of limitations as provided for in Article 551, paragraph 1 of this Article shall not run.

(3) The claim for compensation of damages shall be filed against the Republic of Macedonia.

Article 552
Rights of the injured party heirs

(1) Any heirs shall inherit only the right of the injured party to compensation for property damage. If the injured party has already filed a claim, the heirs may continue the procedure only within the limits of the claim already filed for compensation of property damage.

(2) Following the death of the injured party, any heirs may continue the procedure for compensation of damage, i.e. institute a procedure if the injured person died before the expiration of the statute of limitation and if he or she did not renounce the claim.

Article 553
The right of compensation for damage of persons who have been ungroundedly deprived of liberty

(1) An individual shall also be entitled to compensation for damage in the following cases:

1) if the person was held in custody, and a criminal procedure was not instituted, or the procedure has been terminated by a decision that has entered into full effect, or if he or she has been acquitted by a verdict that has entered into full effect, or if the charges have been dropped or dismissed;

2) if the person was serving a prison sentence, but in view of the repetition of the criminal procedure, or a motion for protection of legality or a motion for a special review of the final and enforceable verdict a shorter sentence has been issued then the one he or she has already served, or if a criminal sanction is issued, which does not provide for imprisonment, or if he or she is found guilty and relieved from any punishment;

3) if, because of an error or illegal act by an authority, the person has been ungroundedly or unlawfully deprived of liberty or kept for a prolonged period in detention or in another institution for serving a sentence or a measure; and
4) if the person has spent longer time in custody than the prison sentence that he or she has been sentenced to.

(2) Any person who has been deprived of liberty according to Article 158 of this Law, without legal grounds, shall be entitled to compensation for damage if the person was not placed in detention or if the time he or she was deprived of liberty was not credited against the sentence issued for the committed crime or misdemeanor offense.

(3) Any person shall not be compensated for damage if he or she brought about his or her arrest through impermissible actions. In the events as referred to in item 1, paragraph 1 of this Article, the right to compensation for damage shall be also precluded even if the circumstances existed as referred to in Article 549, paragraph 1, items 1 and 2 of this Law, or if the procedure was terminated on the basis of Article 304 of this Law.

(4) The provisions of this Chapter shall correspondingly apply in a procedure for compensation of damage in the cases as referred to in paragraphs 1 and 2 of this Article.

Article 554
Announcing the decision on the lack of grounds of the previous conviction in the public media and delivery of the decision to other persons

(1) If the case to which an unjustified conviction or ungrounded or unlawful imprisonment of a person has been reported by the public news media and the reputation of that person has been harmed thereby, at his or her request, the court shall announce in the newspapers or other public news media a notice of the decision declaring the unjustness of the prior conviction, i.e. the lack of grounds or unlawfulness of the imprisonment. If the case has not been reported in the public news media, upon the person's request, a notice to the same effect shall be delivered to his or her employer. Following the death of the convicted person, his or her spouse or extramarital partner, children, parents, brothers or sisters shall have the right to submit a request to that effect.

(2) The request referred to in paragraph 1 of this Article may be submitted even if a claim for compensation of damages has not been filed.

(3) Regardless of the conditions provided for in Article 549 of this Law, the request referred to in paragraph 1 of this Article may also be submitted in response to an extraordinary legal remedy, when the legal qualification of the criminal offense has been altered, if the reputation of the convicted person was seriously harmed due to the legal qualification in the former verdict.

(4) Any request as referred to in paragraph 1 of this Article shall be submitted within 6 months (Article 550, paragraph 1) to the court, which was adjudicating in the first instance. The request shall be ruled on by the Trial Chamber referred to in Article 25, paragraph 5 of this Law. The provisions of Article 549, paragraphs 2 and 3 and Article 553, paragraph 3 of this Law shall be applicable accordingly, when ruling on the request.

Article 555
Nullification of an unjustified conviction in the penal records

(1) The court which rendered judgment in the criminal procedure in the first instance shall render a decision, ex-officio, nullifying the entry of the unjustified conviction in the penal records. The decision shall be delivered to the Ministry of Justice.

(2) Any data from the penal records concerning the nullified entry may not be issued to anyone.

Article 556
Limiting the review and copying of case files

Any person who has been allowed to review and copy the case files (Article 123 of this Law) pertaining to an unjustified conviction or ungrounded or unlawful imprisonment may not use any data from those files in a manner which would be harmful to the rehabilitation of the person against whom the criminal procedure has been conducted. The President of the Court must so forewarn the person,

who has been granted permission to review the files, and it shall be so noted on the document, and the person shall sign the notice to that effect.

Article 557
Reinstating employment and social insurance rights

(1) Any person's years of service, i.e. years of social insurance, if the person lost his or her employment or his or her social security status due to an unjustified conviction or ungrounded imprisonment, shall be recognized the same as if he or she has been working during the time lost due to the unjustified conviction or ungrounded imprisonment. The time granted shall also include any time when the person was unemployed as a result of the unjustified conviction or ungrounded imprisonment, which did not occur due to the fault of that person.

(2) Whenever a decision is made on a right affected by length of work service or length of time a person has been insured, the competent entity or the legal person shall take into account the time recognized under the provision of paragraph 1 of this Article.

(3) If the entity or the legal person as referred to in paragraph 2 of this Article does not take into account the time recognized under the provision of paragraph 1 of this Article, the injured party may move with the court referred to in Article 551, paragraph 1 of this Law to establish and affirm that that time has been recognized in accordance with the law. Any claim shall be filed against the entity or legal person that disputes the time of service granted and against the Republic of Macedonia (Article 551, paragraph 3).

(4) Upon request by the entity, i.e. the legal person where the right referred to in paragraph 2 of this Article is being exercised, any contributions for the time of service recognized under the provision of paragraph 1 of this Article shall be paid from the State Budget of the Republic of Macedonia.

(5) Any length of time of insurance coverage recognized under the provision of paragraph 1 of this Article shall be entirely included in the pensionable time of service.

Chapter XXXVII

ARREST WARRANT AND PUBLIC NOTICE

Article 558
Notification of an address of a person whose permanent or temporary place of residence is not known

If the permanent or temporary place of residence of the suspect, i.e. the accused or the witness is not known, when that is essential according to the provisions of this Law, the entity conducting the procedure shall ask the Ministry of Interior to look for the suspect, i.e. the accused or the witness and notify it about the person's address.

Article 559
Issuing an arrest warrant

(1) The issuance of an arrest warrant may be ordered when there is an order to arrest a person in flight, as follows:
   1) a suspect who is wanted due to a grounded suspicion that he or she committed a crime that is prosecuted ex-officio, and which carries a prison sentence of three years or a more serious sentence according to the law; or
   2) an accused person against whom a criminal procedure has been initiated for a crime that is being prosecuted ex-officio and carries a prison sentence of three years or a more serious sentence according to the law; or
   3) a convicted person who has been sentenced to prison with a final and enforceable decision.

(2) The issuance of an arrest warrant shall be ordered by the entity conducting the procedure.

(3) The issuance of an arrest warrant shall also be ordered in a case when the accused has fled, i.e. the convicted person has fled from an institution where he or she was serving the sentence, regardless of the length of the sentence, or when a person flees from an institution

where he or she has been deprived of liberty. In such an event, the order shall be issued by the warden of the institution.

(4) The issuance of an arrest warrant shall also be ordered in a case when the accused has fled, i.e. the convicted person has fled from an institution where he or she was referred to by means of a judicial act, or from a healthcare institution with a measure of obligatory psychiatric treatment and placement in a healthcare institution. The order shall be issued by the court upon whose order the person has been referred to the institution, following its prior notification of the person's escape from the institution.

(5) Any order by the entity conducting the procedure or by a warden of an institution for the issuance of an arrest warrant shall be delivered to the Ministry of Interior to be enforced.

(6) The Ministry of Interior shall maintain a record of all issued arrest warrants. As soon as an arrest warrant is recalled, all data on the persons for whom an arrest warrant has been issued shall be deleted.

Article 560

Issuing a public notice to collect data on property and crime proceeds

If any data are needed on certain property and crime proceeds from a suspected crime or on certain objects that are related to the criminal offense or such property, crime proceeds and objects need to be found, the entity that conducts the procedure, ex-officio, shall order for a public notice to be issued, asking for the required data and information to be delivered to the entity conducting the procedure.

Article 561

Issuing a public notice for the establishment of an identity

(1) The Ministry of Interior shall issue public notices for the purpose of establishment of the identity of unknown corpses and persons whose identity is not known.

(2) The Ministry of Interior may also publish photographs of corpses and missing persons, if there are grounds to suspect that their death or disappearance was a result of a criminal offense.

Article 562

Recalling an arrest warrant or a public notice

The entity which ordered the issuance of the arrest warrant, i.e. public notice shall be obliged to recall it immediately, as soon as the person or property and crime proceeds or the object being sought is found or when the statute of limitations has expired on the criminal prosecution or enforcement of the sentence or due to other reasons that render the arrest warrant or public notice unnecessary.

Article 563

Issuing an arrest warrant or a public notice

(1) Any arrest warrant or public notice shall be issued by the Ministry of Interior.

(2) The public news media may be used to inform the public about the arrest warrant or the public notice.

Article 564

Issuing an international arrest warrant and public notice and issuing an arrest warrant and public notice upon request by a foreign entity

(1) If it is likely that the person against whom an arrest warrant has been issued is located abroad, the Ministry of Interior may also issue an international arrest warrant, after it has received a declaration by the entity that has issued the order for the arrest warrant, confirming that if the person is found, his or her extradition shall be sought after.

(2) If it is likely that the property and crime proceeds or the objects are located abroad, an international public notice shall be issued, accompanied by a declaration, confirming that if they are found, temporary measures for freezing or forfeiture of property and crime proceeds or seizure of objects shall be sought after.

(3) At the request of a foreign authority, the Ministry of Interior may also issue an arrest warrant for a person who is believed to be staying in the Republic of Macedonia, if such a request

contains a declaration confirming that if the person is found, his or her extradition shall be sought after.

Chapter XXXVIII
TRANSITIONAL AND FINAL PROVISIONS

Article 565
Enactment of bylaws

Any bylaws provided for in this Law shall be enacted within a period of 12 months from the day this Law enters into force.

Article 566
Completion of the procedures initiated prior to the application of this Law

Any procedures initiated prior to the start of the application of this Law shall be completed according to the provisions of the Code on Criminal Procedure ("Official Gazette of the Republic of Macedonia no. 15/97, 44/2002, 74/2004, 83/2008 and 67/2009).

Article 567
Consequences of the application of this Law

The Code on Criminal Procedure ("Official Gazette of the Republic of Macedonia no.15/97, 44/2002, 74/2004, 83/2008 and 67/2009) shall no longer be valid as of the day when this Law begins with the application except in procedures conducted pursuant to article 566 of this Law.

Article 568
Entry into force and application of this Law

This Law shall enter into force on the eight day of its publication in the "Official Gazette of the Republic of Macedonia", and it shall be applied after the expiry of two years after the day of its entry into force, except the provisions that refer to the electronic delivery which shall start being applied after one year of the day of the entry into force of this Law.

-ANNEX 6-

LAW ON THE NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

I. GENERAL PROVISIONS

Subject of regulation

Article 1

This Law shall regulate the organization and operations of the National Bank of the Republic of Macedonia, the task and the competences of the National bank of the Republic of Macedonia as of the date of accession of the Republic of Macedonia to the European Union and the task and the competences of the National bank of the Republic of Macedonia after the introduction of the Euro as the official currency of the Republic of Macedonia.

Legal environment

Article 2

(1) This Law shall supersede any other law.
(2) When applying this Law, each term not defined by this Law, shall have the meaning as defined by other law.
(3) If some matter related to the organization and operation of the National Bank of the Republic of Macedonia (hereinafter referred to as the National Bank) is not regulated by this Law, the provisions of other laws that regulate that matter shall apply.
(4) The provisions of this Law shall not be amended or superseded, in whole or in part, by other laws.

Legal status

Article 3

(1) The National Bank shall be the central bank of the Republic of Macedonia.
(2) The National Bank shall be a legal entity having administrative, financial and management independence.
(3) The National Bank shall be entrusted with all powers necessary to achieve the objectives and implement the tasks set out in this Law.

Legal capacity

Article 4

The National Bank, as a legal entity, shall have a legal capacity to participate in the legal operations, in particular to:

1) enter into contracts;
2) institute legal proceedings and be subject to such proceedings; and
3) acquire, administer, hold and dispose of, its movable and immovable property.

Independence

Article 5

(1) n the pursuit of its objectives and the performance of its tasks, the National Bank shall be independent and accountable as provided for in this Law.
(2) The National Bank, the National Bank Council members or the National Bank staff, shall not seek or take instructions from any government authorities, municipal bodies, bodies of the City of Skopje and any other legal entities and/or natural persons.
(3) The decisions of the National Bank Council shall not be approved, revoked, annulled or amended by the entities set forth in paragraph (2) of this Article.
(4) The independence of the National Bank shall be respected at all times and no person or entity set forth in paragraph (2) of this Article shall seek to influence National Bank Council members or the National Bank staff in the performance of their functions, i.e. operations, or to interfere in the activities of the National Bank.

Objectives
Article 6

(1) The primary objective of the National Bank shall be to achieve and to maintain price stability.
(2) The other objective of the Bank, subordinated to the primary objective, shall be to contribute to the maintenance of a stable, competitive and market-based financial system.
(3) The National Bank shall support the general economic policies without endangering the achievement of the objective set forth in paragraph (1) of this Article and in conformity with the principle of open market economy and free competition.

Tasks
Article 7

In order to achieve the objectives set forth in Article 6 of this Law, the National Bank shall:

1) design and conduct the monetary policy;
2) participate in the determination of the exchange rate regime;
3) design and conduct the exchange rate policy;
4) hold and manage the official foreign reserves;
5) issue and manage the banknotes and coins of the Republic of Macedonia;
6) record and monitor the international credit operations and prepare the balance of payments of the Republic of Macedonia;
7) collect and produce statistics in pursuance of the tasks as required by the law;
8) establish, promote, register and oversee sound, safe and efficient payment, settlement and clearing systems;
9) regulate, license, and supervise banks, savings houses, e-money companies and other financial institutions as further specified in this Law or any other law;
10) supervise the application of the regulations that govern foreign currency operations, exchange operations, money transfer services and anti-money laundering systems and customer protection, as further specified in the relevant laws;
11) act as fiscal agent to the Government of the Republic of Macedonia;
12) participate in international institutions and organizations concerning matters that are within its fields of competence;
13) organize trading and settlement of securities on the OTC markets and
14) carry out any other activities related to the exercise of its tasks under this Law or any other law.

Public interest
Article 8

Stability of the banking system and the measures undertaken for the purpose of attaining and maintaining its stability are of public interest.

Standards of good governance
Article 9

(1) The National Bank shall use the powers given to it in accordance with good governance practices. The National Bank shall refrain from using any such power to serve an objective for which the power was not given or in excess of what shall be required to achieve the objective for which the power was given.
(2) The decisions of the National Bank shall be impartial and based only on objective and rational considerations. They shall be executed in fair, indiscriminatory and deliberate fashion.

Head office and seal
Article 10

(1) The Head Office of the National Bank shall be in Skopje.
(2) The seal of the National Bank shall bear the name of the National Bank in Macedonian language with Cyrillic letters and the coat of arms of the Republic of Macedonia.

Administrative Procedure
Article 11

(1) During the procedure for adoption of individual administrative acts which, according to this and other law, are subject to decision of the Governor, the provisions of the Law on General Administrative Procedure shall apply, unless otherwise regulated by this or other law.
(2) The decisions of the Governor reached in an administrative procedure shall not be subject to appeal. An administrative dispute may be initiated, unless otherwise regulated by this or other law.
(3) Provisions referred to in paragraph (2) of this Article shall not apply to acts adopted by the Governor of the National Bank in the public procurement procedure.

II. CAPITAL, RESERVES AND PROFITS

Capital
Article 12

(1) The capital of the Bank on the day of entering of this law into effect shall be an amount equivalent to Denar 1,289,789,232.00.
(2) The capital of the National Bank shall be held solely by the Republic of Macedonia and shall not be transferable or subject to encumbrance.
(3) The capital of the National Bank may be increased as proposed by the National Bank, with a decision of the Parliament of the Republic of Macedonia.
(4) The capital of the National Bank shall not be reduced.

Reserves
Article 13

(1) The National Bank shall open and maintain a general reserve and revaluation reserve accounts.
(2) The general reserve shall be used only for the purposes of covering the National Bank losses.
(3) The revaluation reserve shall be established based on unrealized income from positions in foreign currencies, gold, financial instruments, and other assets.
(4) The National Bank may, upon prior approval of the Government of the Republic of Macedonia, open a special reserve account for covering specific anticipated expenditures.

Profits, losses and distributable earnings
Article 14

(1) The net profits or losses of the National Bank shall be determined in conformity with the International Financial Reporting Standards.
(2) The distributable earnings shall be distributed as specified in Article 15 of this Law, and shall be determined as follows:
    1) by deducting from the net profits the total amount of unrealized revaluation income, and by allocating an equivalent amount to the respective unrealized revaluation reserve accounts; and
    2) by deducting from the revaluation reserve accounts the amount of any unrealized income that was deducted from the net profits for previous years and was realized during the current financial year, and adding such amount to the distributable earnings as determined in item 1) of this paragraph.
(3) Unrealized revaluation expenses shall be covered by the respective revaluation reserve accounts until these accounts reduce to a zero balance, after which these expenses shall be covered by:
    1) the current year's profit;
    2) the general reserve account and
    3) the capital.

Allocation of distributable earnings
Article 15

(1) Within four months after the end of the financial year, the National Bank Council shall allocate the distributable earnings as follows:
   1) an amount equivalent to 70 percent of the general reserve until reaching the level of the core capital under Article 12 paragraph (1) of this Law, i.e. 15 percent after reaching the level of the core capital as per Article 12 paragraph (1) of this Law, and.
   2) any remaining account of the State Budget.
(2) The National Bank income shall be distributed only as permitted by paragraph (1) of this Article.
(3) If in any financial year the National Bank incurs negative distributable earnings, these earnings shall first be charged to the general reserve account, and subsequently to the capital**.**

Coverage of shortfall in capital
Article 16

(1) In the event that in the audited annual financial statements of the National Bank, the value of its assets falls below the sum of its liabilities and capital, the National Bank, with the advice of the external auditor, shall assess the situation and prepare a report on the causes and extent of the shortfall in capital, within a period of no more than 30 calendar days upon the receipt of advice.
(2) In the event that the National Bank Council approves the report under paragraph (1) of this Article, the National Bank shall require from the Government of the Republic of Macedonia to remedy such shortfall in capital.
(3) Upon receipt of this requirement the Government of the Republic of Macedonia shall, within a period of no more than 60 calendar days, transfer to the National Bank the necessary amount in currency or in negotiable debt securities with a specified maturity issued at market-based interest rates prevailing in the Republic of Macedonia.

Opening of accounts
Article 17

(1) For the purposes of conducting its activities, the National Bank may open and maintain accounts, including securities accounts of:
   1) banks, savings houses, brokerage houses, government authorities and state-founded public entities, and
   2) foreign banks, foreign central banks, international financial institutions and, where appropriate, foreign governments, international organizations and donor organizations.
(2) The National Bank shall not open accounts for natural persons and legal entities, except for those referred to in paragraph (1) of this Article.
(3) The National Bank may open and maintain accounts with money-deposit institutions and with foreign central banks, foreign banks, and international financial institutions.
(4) The National Bank Council shall prescribe the general conditions for opening accounts referred to in paragraph (1) of this Article.

Custodial facilities
Article 18

(1) The National Bank may, upon payment of reasonable fees to cover its costs, provide custodial facilities to financial institutions, including pension funds.
(2) The National Bank Council shall prescribe the conditions for providing custodial facilities.

III. MONETARY AND OTHER CREDIT OPERATIONS

Open market and credit operations
Article 19

The National Bank may, in order to achieve the objectives and to carry out its tasks:
   1) operate in the financial markets by issuing securities for monetary purposes, buying and selling outright (spot or forward) or under repurchase agreement and by lending or borrowing claims and marketable instruments, as well as precious metals; and

2) conduct credit operations with banks operating in the Republic of Macedonia, with lending based on adequate collateral.

The National Bank Council shall specify the general conditions and rules for conducting credit operations referred to in paragraph (1) of this Article.

Reserve requirement
Article 20

1) The National Bank may require banks, foreign bank branches and savings houses to hold reserve requirement on accounts with the National Bank in pursuance of its objectives of monetary policy. This reserve requirement shall be the same for each category of liabilities on the level of banks, saving houses and foreign banks branches, separately. The National Bank may pay reserve requirement remuneration.
2) The National Bank Council shall establish the conditions, base and percentage for calculation of the reserve requirement, and the manner and deadlines for allocating and maintaining reserve requirement.
3) In cases of noncompliance with the requirements specified under paragraph (1) of this Article, the National Bank shall be entitled to levy penalty interest or impose other measures in accordance with a law.

Other monetary policy instruments
Article 21

The National Bank Council may decide with 2/3 majority of the total number of Council members upon the use of other monetary policy instruments which it considers appropriate for achieving the objectives set forth in Article 6 of this Law.

Lender of last resort
Article 22

(1) In exceptional circumstances, the National Bank may, on such terms and conditions as the National Bank Council determines, act as lender of last resort for the banks in the Republic of Macedonia. The National Bank shall approve credits of last resort to the bank, or for the bank's benefit, for periods not exceeding 90 calendar days that may be renewed for period of maximum 90 days, on the basis of a program specifying the measures that the bank concerned will be taking.
(2) The National Bank shall provide credit of last resort only if:
    1) the bank, in the opinion of the National Bank, is solvent;
    2) the credit is approved for the purposes of improving liquidity and
    3) the bank provides adequate collateral.
(3) The National Bank Council shall determine the categories and the value of the collateral set forth in paragraph (2) item 3 of this Article.
(4) If the National Bank discovers that the concerned bank was unable to carry out the approved program as mentioned in paragraph (1), the National Bank shall take appropriate measures in accordance with the Banking Law.

IV. FOREIGN EXCHANGE REGIME AND FOREIGN RESERVES

Exchange regime
Article 23

The exchange rate regime shall be jointly agreed between the Government of the Republic of Macedonia and the National Bank, without prejudice to its primary objective to achieve and to maintain price stability.

Portfolio composition of official foreign reserves
Article 24

(1) The National Bank shall conduct transactions in foreign assets and manage all foreign reserves consistent with international best practices and subject to its objective to achieve and to maintain the price stability, upholding safety, liquidity and profitability principles.
(2) The National Bank may hold in its portfolio of foreign assets any or all of the following

categories of assets:

1) gold and other precious metals held by or for the account of the National Bank, including balances on account representing such gold and other precious metals;
2) banknotes and coins denominated in freely convertible foreign currencies held by or for the account of the National Bank;
3) claims and interbank deposits that are payable on demand or within a short term denominated in freely convertible foreign currency and are held in the accounts of the National Bank, with foreign central banks, foreign financial institutions or international financial institutions;
4) readily-marketable debt securities denominated in freely convertible foreign currencies issued by, or bearing the full faith and credit of, foreign governments, foreign central banks, foreign financial institutions or international financial institutions;
5) claims on international financial institutions resulting from repurchase, sale and buy back, and securities lending agreements for the debt securities set forth in item 4 of this paragraph;
6) equity holdings in international financial institutions;
7) special drawing rights held in the account of the Republic of Macedonia in the International Monetary Fund; and
8) the reserve position of the Republic of Macedonia in the International Monetary Fund.

V. BANKNOTES AND COINS

Issuance of banknotes and coins

Article 25

(1) The National Bank shall have the exclusive right to issue banknotes and coins.
(2) Only banknotes and coins issued by the National Bank that have not been withdrawn from circulation shall be legal tender in the Republic of Macedonia.
(3) The National Bank shall determine the face value, size, weights, designs, and the security and other features of the banknotes and coins that are issued in the Republic of Macedonia.
(4) The National Bank shall be responsible for the supply of banknotes and coins as a legal tender in the Republic of Macedonia.
(5) The aggregate amount of circulating banknotes and coins issued by the National Bank shall be noted in the financial statements of the National Bank as a liability. Such liability shall not include banknotes and coins in the currency reserve inventory held by, or on behalf of, the National Bank.
(6) The National Bank shall determine the lowest denomination in circulation for rounding up the final settlement in payment transactions involving cash and noncash payments and in business books.

Unfit banknotes and coins

Article 26

(1) Unfit banknotes and coins shall be withdrawn, replaced, and destroyed by the National Bank.
(2) The National Bank may decline to exchange banknotes or coins if their designs are damaged, misshaped or perforated, or if more than forty percent of their surface has been lost. Such banknote or coin shall be withdrawn and destroyed without indemnity to the owner, unless there is evidence that the missing portions have been totally destroyed, in which case the National Bank may grant compensation in whole or in part.
(3) The National Bank shall not be required to provide any compensation for banknotes or coins that are lost, stolen or destroyed.
(4) The National Bank may confiscate without compensation any banknotes that have been altered in their external appearance, including in particular banknotes that have been written on, painted on, stamped or perforated, or to which adhesive substance has been applied.

Withdrawal and replacement of banknotes and coins

Article 27

(1) The National Bank may decide to withdraw banknotes or coins by issuing, free of charge, other banknotes or coins in equivalent amounts.
(2) A decision to withdraw banknotes or coins shall be issued by the National Bank Council

specifying the period during which the exchange shall take place and the locations and times at which withdrawn banknotes or coins shall be replaced.

(3) The National Bank Council shall determine the date when withdrawn banknotes and coins shall cease to be legal tender.

Banknote and coin reserve inventory and issue plan
Article 28

The National Bank shall administer a banknote and coin reserve inventory, make issue plans, and ensure regular supply of banknotes and coins, in order to meet the needs of the Republic of Macedonia for banknotes and coins.

Counterfeit banknotes and coins
Article 29

(1) Banknotes and coins presented to financial institutions denominated in legal tender, whether in the Republic of Macedonia or abroad, which are suspected of being forgeries, must be withdrawn as specified in the procedure defined by the National Bank Council.

(2) The National Bank shall be exclusively entitled to provide expert opinion on the authenticity of the banknotes and coins denominated in Denars or in foreign currency.

(3) The National Bank shall seize all notes presented to it which are suspected of being counterfeited. The National Bank shall submit a written notification to the Ministry of Interior indicating the identification of the notes, their bearer, and the National Bank's grounds for suspicion.

Reproductions of banknotes and coins
Article 30

(1) Any reproduction of banknotes or coins that are legal tender in the Republic of Macedonia and the creation of any objects that by their design imitate any such banknote or coin shall require the prior written authorization of the National Bank.

(2) The National Bank Council shall specify the manner and procedure authorizing the publication of photographs of currency.

VI. PAYMENT SYSTEMS, SUPERVISION, STATISTICS AND OTHER FINANCIAL SYSTEM TASKS

1. Payment systems

Payment, settlement and clearing systems
Article 31

(1) The National Bank shall provide conditions to ensure safe, sound and efficient operations of the payment, settlement and clearing systems.

(2) The National Bank is authorized to organize, participate in and operate payment, settlement and clearing systems

Regulation, Registration and Oversight
Article 32

The National Bank shall be exclusively responsible for the regulation, registration and oversight, including the imposition of measures and sanctions of payment, settlement and clearing systems in accordance with the Law on Payment Operations.

Payment system activities
Article 33

The National Bank may undertake activities to facilitate:

1) the integration of its payment and settlement system and other systems in accordance with the Law on Payment Operations;
2) the development of new methods and technologies for payments and settlements and
3) the design and periodic modification of a plan for evolution of the payment system of the Republic of Macedonia.

2. Supervision

Supervisory tasks

Article 34

(1) The National Bank shall be responsible for the supervision, including the imposition of measures and misdemeanor sanctions, of banks, savings houses, e-money companies and other financial institutions, in accordance with this and other laws.
(2) In carrying out its supervisory tasks as laid down in paragraph (1) of this Article, the National Bank may co-operate with other regulatory and supervisory authorities, both in the Republic of Macedonia and abroad.
(3) The National Bank may exchange confidential information with other domestic or foreign supervisory authorities, which will be used only for supervisory purposes and shall be treated as confidential by the receiving party.
(4) The National Bank may approve on-site examination of a foreign bank subsidiary and a foreign bank branch in the Republic of Macedonia conducted by supervisory bodies of the home country of the foreign bank. A copy of the supervision report shall be required to be submitted to the National Bank within two months upon completion of the supervision.
(5) The supervisory report under paragraph (4) of this Article shall be considered classified information with respective confidentiality level as specified by the regulations for protection of classified information.

3. Statistics

Statistics and information

Article 35

In pursuance of its objectives and tasks, the National Bank shall:
1) collect, process, analyze, abstract and disclose statistics and information relevant to the carrying out of its tasks;
2) define the natural persons and legal entities subject to reporting requirements;
3) define the statistics and information to be submitted to the National Bank and the implementation of confidentiality rules;
4) collaborate with governmental departments, public enterprises, public institutions and companies founded by the state or where the state is a dominant shareholder, in the collection, processing, and disclosure of statistics and other relevant information and
5) cooperate with international financial and other institutions in respect of the adoption of international data dissemination standards with the aim of achieving consistency and efficiency in the collection, processing and disclosure of statistics and information.

Submission of statistics and information

Article 36

(1) The institutions mentioned in Article 35, item 2 of this Law, shall submit to the National Bank statistics and information.
(2) The National Bank Council shall determine the manner, the form and the deadlines for submission of statistics and information under paragraph (1) of this Article.

Availability of statistics and information

Article 37

The National Bank shall ensure availability by posting on its website or otherwise:
1) statistics and information subject to the regulations on confidentiality
2) methodology and concepts applied when collecting and processing statistics and information that will allow verification of the statistics produced by the National Bank.

- *4. Other financial system tasks*

Financial stability

Article 38

(1) In pursuance of its objective to contribute to maintenance of a stable, competitive and market-based financial system, National Bank shall collect relevant data from other financial

supervisory authorities, public enterprises, public institutions and companies founded by the state or where the state is a dominant shareholder, on a regular base.

(2) Based on the collected data, under paragraph (1) of this Article, the National Bank shall prepare periodical publications related to the financial system stability.

Credit registry
Article 39

(1) The National Bank shall establish and maintain a Credit Registry in electronic form of the credit exposure of legal entities and natural persons to banks and savings houses founded in the Republic of Macedonia.

(2) Banks and savings houses shall be required to submit data and information needed for the purposes of the Credit Registry to the National Bank

(3) The type, the manner and the deadlines for submitting the data and the information under paragraph (2) of this Article shall be prescribed by the National Bank Council.

(4) Banks and savings houses may use the data and information from the Credit Registry in a manner and under terms prescribed by the National Bank Council and shall be deemed as classified data.

(5) The information collected for the purposes of the Credit Registry shall be used only for the purpose of improving the credit quality.

VII. RELATIONS WITH THE PARLIAMENT OF THE REPUBLIC OF MACEDONIA, THE GOVERNMENT OF THE REPUBLIC OF MACEDONIA AND OTHER INSTITUTIONS

Relationship with the Parliament of the Republic of Macedonia
Article 40

(1) The National Bank Council and each of its members shall be accountable to the Parliament of the Republic of Macedonia for the achievement and maintenance of price stability and for performance the tasks of the National Bank stipulated by this Law.

(2) The Governor of the National Bank may, at the request of the Parliament of the Republic of Macedonia, or on his own initiative, periodically speak in the Parliament or its committees, concerning monetary policy and financial system issues and the state of the economy.

(3) The National Bank may submit opinions to the Parliament of the Republic of Macedonia concerning any draft laws related to the objectives and tasks of the National Bank.

Banker, financial adviser, fiscal agent
Article 41

(1) The National Bank shall perform banking activities for the needs of the Government of the Republic of Macedonia.

(2) The National Bank shall act as a financial adviser to the Government of the Republic of Macedonia, upon its request.

(3) The National Bank may, on behalf of the Government of the Republic of Macedonia, receive foreign borrowings, manage and administer, as well as settle external claims and financial liabilities of the Republic of Macedonia.

(4) The National Bank may, on such terms and conditions as it shall agree with the Government of the Republic of Macedonia, act as a fiscal agent to the Government of the Republic of Macedonia.

(5) The National Bank may accept deposits from the Government of the Republic of Macedonia or any other public agency. As a money-deposit institution, the National Bank shall receive and disburse money from accounts and provide other financial services related thereto.

(6) The National Bank may pay interest on the deposits under paragraph (5) of this Article at rates that not exceed the market interest rates.

(7) The National Bank shall pay to the limits of the deposited amounts against payment orders concerning such accounts.

Issuance of jubilee coins
Article 42

The National Bank shall issue jubilee coins based on decision of the Government of Republic of Macedonia according to the Law on Jubilee Coins.

Cooperation with the Government of the Republic of Macedonia
Article 43

(1) The National Bank shall cooperate with the Government of the Republic of Macedonia in pursuing its objectives defined by this Law.
(2) The Governor and the Minister of Finance shall hold regular joint meetings on monetary and fiscal policies and shall keep one another informed of all matters of mutual interest.
(3) The National Bank may render opinion to the Government of the Republic of Macedonia on any matter related to the main objective and tasks of the National Bank.
(4) The National Bank and the Government of the Republic of Macedonia may exchange information for the purpose of carrying out the tasks of the National Bank, with the exception of specific information relating to entities subject to supervision.
(5) The National Bank shall, on request of the Government of the Republic of Macedonia and only for information, provide data on the receipt by the National Bank of funds from any source.
(6) The National Bank shall be consulted by the Government of the Republic of Macedonia in the process of developing any regulation concerning matters that relate to the objectives, tasks and competences of the National Bank, regulated by this or any other law.

Prohibition on lending
Article 44

(1) The National Bank shall not grant, directly or indirectly, credits to the Government of the Republic of Macedonia or any other government authority, public enterprise, public institutions, companies founded by the state or where the state is a dominant shareholder, municipality authorities, municipalities of the City of Skopje and the City of Skopje, with the exception of intra-day credits to the Government of the Republic of Macedonia, to secure smooth functioning of the payment system. Such intra-day credit shall be guaranteed by negotiable government securities and shall be fully repaid before the end of the same day.
(2) The provisions of paragraph (1) shall not apply to state-owned banks and other supervised state-owned entities, which shall be given the same treatment as privately-owned banks and other supervised privately-owned entities.
(3) The National Bank may purchase government securities provided that such purchases are only made in the secondary market.

Prohibition on privileged access
Article 45

(1) Any measure, not based on prudential considerations, that ensures privileged access for the Government of the Republic of Macedonia, any other government authority, public enterprises, public institutions, companies founded by the state or where the state is a dominant shareholder, municipality authorities, municipalities of the City of Skopje and the City of Skopje, to financial institutions shall be prohibited.
(2) The Government of the Republic of Macedonia shall lay down definitions for the application of the prohibition referred to in paragraph (1) of this Article.

VIII. GOVERNANCE AND ORGANIZATION

1. Governance

Governing body
Article 46

(1) The National Bank Council shall be the governing body of the National Bank.
(2) The National Bank Council shall comprise of nine members, out of which one is the

Governor and three Vice Governors as executive members and five nonexecutive members.

(3) The National Bank Council shall be charged with the formulation and the supervision of the implementation of the policies, and the supervision of the operations of the National Bank.

(4) The Governor of the National Bank shall be the Chairperson of the National Bank Council and shall serve as the chief executive of the National Bank in charge of its day-to-day operations.

(5) The Vice Governors shall assist the Governor in conducting the day-to-day operations.

(6) The nonexecutive members shall take part in the decision-making of the National Bank Council.

Powers and tasks of the National Bank Council

- Article 47

(1) The National Bank Council shall have the following powers and tasks:

1) define and adopt the monetary policy and the exchange rate policy of the National Bank;
2) define the exchange rate regime in accordance with Article 23, of this Law;
3) formulate and adopt the policies of the National Bank regarding the execution of its tasks, and adopt, as appropriate, internal rules for their implementation;
4) prescribe the Chart of Accounts for banks in accordance with the law;
5) supervise the implementation of the policies and the execution of the tasks of the National Bank;
6) adopt the bylaws issued by the National Bank;
7) adopt the Statute of the National Bank;
8) adopt the Code of Ethics of the members of the National Bank Council and the staff;
9) determine the general policies and internal rules applicable to the operations of the National Bank;
10) determine internal rules on the application of the conflict of interest provisions;
11) determine the organization of the National Bank, including the establishment and location of branches, representative offices, and other organizational units;
12) appoint the Chief Internal Auditor, on a proposal of the Governor of the National Bank;
13) determine the general terms and conditions of employment of the staff, including allowances and other benefits, on a proposal of the Governor, as specified by the law and the Labor Agreement;
14) approve the annual budget of the National Bank;
15) determine the accounting policies of the National Bank and to approve the reports referred to in Article 62 of this Law, and financial statements of the National Bank;
16) elects the external auditors of the National Bank;
17) decide on the incurring of debt of the National Bank and the terms and conditions of such debt;
18) determine the categories of assets as mentioned in Article 24 paragraph (2) of this Law, that shall constitute the foreign reserves of the Republic of Macedonia;
19) determine the categories of assets that shall be suitable for investment of the National Bank's financial resources;
20) determine denominations and design of banknotes, coins and their issuance.
21) appoint one or more committees and define their tasks and activities;
22) assess risks and formulate contingency plans for the ongoing operations and security of the National Bank;
23) adopt the rules of procedure of the National Bank Council and
24) exercise such other powers and tasks as explicitly granted by this Law.

(2) In the execution of their powers and tasks the members of the National Bank Council shall act solely in the interest of the objectives and tasks of the National Bank.

Powers and tasks of the Governor

Article 48

(1) The Governor shall have the following powers and tasks:

1) represent the National Bank;
2) implement the monetary and exchange rate policy and other policies in accordance with the internal rules and decisions of the National Bank Council.
3) make sure that the decisions of the National Bank Council are being executed and the National Bank management and operations are under control.
4) register the payment, settlement and clearing systems, in accordance with the Law on Payment Operations;
5) decide upon the issuance of licenses and approvals to financial institutions and revokes the issued licenses and approvals, in accordance with Law;
6) enforce measures to banks and other financial institutions subject to supervision of the National Bank, or to the payment, settlement and clearing systems, in accordance with this or the respective laws;
7) conduct other operations that are not defined as duties of the National Bank Council by this Law.

(2) Within the limitations of his powers, the Governor shall have the authority to take all actions required or deemed advisable for the administration and operations of the National Bank, including procurement of goods and services, entering into contractual commitments on behalf of the National Bank and employment, and appointing agents of the National Bank.
(3) The Governor may appoint one or more advisory bodies on issues concerning its competence;
(4) The Governor may, within the rules adopted by the National Bank Council, delegate any of his powers or tasks to other members of the National Bank Council or to the staff with special authorizations and responsibilities in the National Bank.
(5) The Governor shall regularly inform the National Bank Council on the conduct of the National Bank's operations and policies, and on the issues related to the soundness of the banking system, and on the state of the money and foreign exchange markets, including all events that have or are expected to have a significant effect on the administration of the National Bank, on the conduct of its policies, on the financial system, or on the money and foreign exchange markets.
(6) The Governor shall determine in advance the order in which the Vice Governors shall succeed the Governor during any period of the Governor's absence or disability.

Appointment
Article 49

(1) Members of the National Bank Council shall be appointed for a seven year term that may be renewed.
(2) The Governor shall be appointed by the Parliament of the Republic of Macedonia, on a proposal of the President of the Republic of Macedonia.
(3) The Vice Governors shall be appointed by the Parliament of the Republic of Macedonia, on a proposal of the Governor.
(4) The nonexecutive members of the National Bank Council shall be appointed by the Parliament of the Republic of Macedonia, on a proposal of the Government of the Republic of Macedonia.

Eligibility to serve on the National Bank Council
Article 50

(1) Persons eligible to serve on the National Bank Council shall be citizens of the Republic of Macedonia who have recognized reputation, who hold at least university degree and who have extensive professional or academic experience in the fields of economics, finance, banking, or legal matters.
(2) A member of the National Bank Council may not be a person who:
1) has been convicted of a felony which carries a sentence of imprisonment or fine;
2) has been a debtor in a bankruptcy or insolvency proceeding;
3) has been sentenced with misdemeanor sanction - ban on performing a profession, activity or duty and

4) has been sentenced with auxiliary penalty - ban on acquiring a license for founding and operating a bank or other financial institution, revoking the license for founding and operating a bank or other financial institution, ban on establishing new legal entities and temporary or permanent ban on performing activities in the field of finance and banking.

(3) The Governor and the Vice Governor of the National Bank shall be professionally engaged at the National Bank, and shall not be engaged in any other occupation, whether gainful or not, except as a university professor or engagement in a scientific research institution, or a temporary arrangement in international financial institution, must not be owners of five percent or more of an equity interest in a financial institution in the Republic of Macedonia and during its term must not be members of political party or trade union.

(4) A nonexecutive member shall not serve on the National Bank Council while he is a member of the Parliament of the Republic of Macedonia or of the Government of the Republic of Macedonia, employed at government or local authorities, agencies, funds, public enterprises, public institutions, companies founded by the state or where the state is a dominant shareholder, employee of a financial institution in the Republic of Macedonia, holder of five percent or more of an equity interest in a financial institution in the Republic of Macedonia, member of the managing or supervisory board of a bank, savings house or other trading company that may have a conflict of interest with the National Bank, as well as a member of the political parties' and trade unions' bodies. .

(5) By way of derogation from paragraph (4) of this Article, a nonexecutive member may be a university professor or person employed in a scientific research institution.

(6) Members of the National Bank Council shall, immediately after being appointed on this function, comply with the provisions of paragraph (4) of this Article.

Termination of term of office
Article 51

The term of office of the member of the National Bank Council shall terminate:

1) after the expiry of the term of office;
2) in case of death;
3) in case of their resignation or
4) in case of dismissal.

Resignation
Article 52

(1) The Governor and the Vice Governors may resign from office on giving not less than three months' notice in writing to the Parliament of the Republic of Macedonia.

(2) The nonexecutive members of the National Bank Council may resign from office by giving not less than one month's notice in writing to the Parliament of the Republic of Macedonia.

Dismissal
Article 53

(1) Member of the National Bank Council shall be relieved from office only and when that member:

1) becomes ineligible to serve on the National Bank Council pursuant to Article 50; or
2) abuses, or makes serious misconduct in, the official duty, or
3) is unable to perform the tasks of such an office because of an infirmity of body or mind that has lasted for more than three months; or
4) fails to perform their duties for a consecutive period of more than three months without approval of the National Bank Council.

(2) A decision to relieve a member of the National Bank Council from office shall be taken by the Parliament of the Republic of Macedonia:

1) either on a recommendation from the National Bank Council, or on a recommendation from the President of the Republic of Macedonia and after consulting the National Bank Council, if the decision concerns the Governor, or
2) either on a recommendation from the National Bank Council, or on a recommendation from

the Governor and after consulting the National Bank Council, if the decision concerns a Vice Governor or

3) on a recommendation of the National Bank Council or on a recommendation of the Governor and after consulting the National Bank Council or on a recommendation from the Government of Republic of Macedonia and after consulting the Governor if the decision concerns a nonexecutive member of the National Bank Council.

(3) Decisions of the National Bank Council pursuant to paragraph (2) of this Article require a majority of the members of the National Bank Council.

(4) A member of the National Bank Council relieved from office shall have a right of appeal to the Court within 15 calendar days of the date of the decision to remove that member from office.

Subsequent functions
Article 54

(1) Former members of the National Bank Council shall not serve in a professional capacity in a bank or other financial institution in the Republic of Macedonia during a period of one year immediately following the end of their term of office.

(2) The former members of the National Bank Council referred to in paragraph (1) of this Article shall be eligible to a remuneration set out by the National Bank Council to their employment, not more than a year after the end of their term of office.

(3) Paragraph (2) of this Article shall not apply in the case when the member of the National Bank Council was relieved from office pursuant to Article 53 paragraph (1) items 1, 2 and 4 of this Law.

Vacancy on the National Bank Council
Article 55

Any vacancy on the National Bank Council shall be filled within 60 calendar days by the appointment of a new member of the National Bank Council for a seven year term.

2. Meetings and proceedings of the National Bank Council
Meetings of the National Bank Council
Article 56

(1) The National Bank Council shall meet as often as the business of the National Bank may require but not less frequently than ten times per calendar year.

(2) Third parties may attend the meetings of the National Bank Council only upon invitation.

(3) A quorum shall be required for the conduct of business and decision-making of the National Bank Council at any meeting, consisting of at least two thirds of the members of the National Bank Council, including the Governor or, in his absence, a Vice Governor acting as chairperson in accordance with the decision under Article 48, paragraph (6) of this Law. If the quorum is not met, the Governor may convene an extraordinary meeting at which decisions may be taken without regard to the quorum that should be approved in the next regular meeting of the National Bank Council.

(4) Each member of the National Bank Council shall have one vote and in the event of a tied vote, the Chairperson shall have the casting vote.

(5) Save as otherwise provided for in this Law, decisions of the National Bank Council shall be adopted by a simple majority of the members present at the meeting.

(6) The Rules of Procedure of the National Bank Council specifies the cases when it could be permitted meetings and voting by teleconferencing or, in exceptional circumstances, by the means of telex or other tested electronic means of telecommunication.

(7) Subject to the quorum requirement of paragraph (3), no document or proceeding of the National Bank Council shall be invalidated merely by reason of the existence of a vacancy on the National Bank Council.

Proceedings
Article 57

(1) The proceedings of the meetings of the National Bank Council shall be classified information with respective level of confidentiality, as defined by the regulation for protection of classified information.
(2) The proceedings of each National Bank Council meeting shall be signed by the person chairing the meeting and the Secretary of the National Bank Council.
(3) The Secretary of the National Bank Council shall be appointed by the Governor, from among the staff with special authorizations and responsibilities of the Bank.

4. National Bank Staff
Labor relations
Article 58

(1) The regulation governing labor relations shall apply to the employees, Governor, Vice Governors and the persons having special authorizations, unless otherwise prescribed by this Law.
(2) The National Bank staff shall be professionally engaged at the National Bank, to the Bank, and may have other employment engagement, subject to approval by the Governor, unless in conflict with the interest of the National Bank.
(3) When recruiting staff, the National Bank shall apply nondiscriminatory personnel policies, by ethnic, religious and other grounds.
(4) The person, having special authorizations, in charge of the bank supervision in the National Bank, in a period of two years after their departure from the National Bank, cannot be professionally engaged in a bank or other financial institution in Republic of Macedonia.

Employment and Termination
Article 59

The Governor shall decide upon the appointment and termination of employments in the National Bank and for other matters related to the employments, which are not in the competence of the National Bank Council.

IX. FINANCIAL STATEMENTS AND AUDIT
Accounting practices and policies
Article 60

(1) To the extent possible to achieve its objectives referred to in Article 6, paragraphs (1) and (2) of this Law, the National Bank shall maintain accounting records in accordance with the International Financial Reporting Standards.
(2) The financial year of the National Bank begins on January 1 and ends on December 31 of the same year.

Financial statements
Article 61

(1) The National Bank shall prepare financial statements for its financial year.
(2) Within four months after the end of each financial year, the National Bank shall submit to the Minister of Finance, to the Parliament of the Republic of Macedonia, to the President of the Republic of Macedonia, and the Prime Minister of the Republic of Macedonia, financial statements, approved by the National Bank Council, signed by the Governor and certified by the external auditor.
(3) The National Bank shall publish the financial statements referred to in paragraph (2) of this Article in the Official Gazette of the Republic of Macedonia and on its website.
(4) The National Bank shall, within ten working days after the end of each calendar month, prepare and publish a balance sheet as of the end of that month and submit it to the Minister of Finance.

Other reports
Article 62

(1) The National Bank shall, at a minimum twice a year, and when necessary, inform the Parliament of the Republic of Macedonia and the public, on its monetary policy, the achievement of its objectives and its vision on the real variables of the economy.
(2) The National Bank shall, within four months after the end of its fiscal year, submit to the Parliament of the Republic of Macedonia and the Minister of Finance and publish one or more reports, approved by the National Bank Council, on the state of the economy during the financial year that just ended, including an outlook for the economy for the coming year, with emphasis on its policy objectives and the condition of the banking system of the Republic of Macedonia. The report should also include a review and assessment of the National Bank's policies conducted in the last financial year and a description and explanation of the National Bank's policies to be conducted during the next financial year.
(3) The National Bank shall publish quarterly reports on monetary policy on its website and/or otherwise, as determined by the Governor of the National Bank.
(4) The National Bank shall publish a financial stability report for the previous year on its website and/or otherwise, as determined by the Governor of the National Bank.

Internal Audit
Article 63

(1) The National Bank shall establish internal audit as a special organizational unit directly accountable to the Governor.
(2) Internal audit shall carry out permanent audit of the overall activities of the National Bank by assessing the adequacy of the internal control systems and the effectiveness of the risk management systems. These activities shall include:

1) the review and recommendation to the National Bank Council of procedures and practices for proper risk management and permanent supervision of their implementation;
2) the performance of periodic audits of the application of regulations during the National Bank activities;
3) the review of the periodic financial statements referred to in Article 61**,** paragraphs (2) and (4) of this Law;
4) the preparation and delivery to the National Bank Council, at least twice a year and whenever deemed appropriate by the Governor or other member of the National Bank Council, of reports and recommendations regarding the financial statements and records, the budgetary and accounting procedures, risk management, the efficiency and cost effectiveness at which the National Bank operates, and any other matter within its competence;
5) the preparation and delivery of report on the internal audit activities to the National Bank Council, at least once a year, and
6) any other assignment that may be given by the National Bank Council.

(3) The reports of the internal audit shall be submitted to the Governor. The findings and the recommendations comprised in the reports of the internal audit shall be a basis for undertaking appropriate measures by the Governor for elimination of identified irregularities and weaknesses.
(4) The internal audit unit shall cooperate with the external auditors of the National Bank.

Appointment of Chief Internal Auditor
Article 64

A Chief Internal Auditor of the National Bank shall be appointed by the National Bank Council, on a proposal from the Governor.

(1) The Chief Internal Auditor shall be a person who fulfills the eligibility criteria of Article 50 of this Law to become a member of the National Bank Council, with professional experience in the field of accounting and/or audit of at least three years.
(2) The Chief Internal Auditor shall be appointed for a term of five years, which may be renewed.
(3) The Chief Internal Auditor may resign from office on giving not less than three months notice to the Governor.

(4) The Chief Internal Auditor shall be relieved from office only and when the grounds set out in Article 53, paragraph (1), apply. Decision on relieving from office shall be adopted by the National Bank Council.

External audit
Article 65

(1) The financial statements of the National Bank shall at least once a year be audited in conformity with International Standards on Auditing by independent external auditors which shall be of good repute and with recognized international experience in the auditing of financial institutions.
(2) Auditing set out in paragraph (1) of this Article shall be at National Bank expense.
(3) The external auditors shall be appointed by the National Bank Council, on the basis of the Law on Public Procurements.
(4) The Parliament of the Republic of Macedonia may, on a proposal from the Minister of Finance, at any time, with reasonable cause, request an external audit of the Bank by the external auditor referred to in paragraph (1) of this Article. The auditor's report shall be submitted to the Parliament of the Republic of Macedonia for information.
(5) Auditing set out in paragraph (4) of this Article shall be at the State Budget expense.
(6) The external auditor shall report to the National Bank Council on key matters arising from the audit and in particular on weaknesses in the internal control arising from the financial reporting.
(7) The external auditors shall have full power to examine all accounting records of the National Bank and obtain all information about its transactions.
(8) No external auditor shall be appointed consecutively for a cumulative period exceeding five years.

Budget
Article 66

(1) The National Bank Council shall adopt its annual budget prior to the commencement of each financial year. The budget shall be communicated to the Parliament of the Republic of Macedonia for information.
(2) All projected revenue and income generated by the National Bank from any source together with projected expenditure, including depreciation and provisions, shall be reported in the annual budget of the National Bank. The National Bank annual budget shall not include, in the National Bank balance sheet, any unrealized price and foreign exchange revenues and expenditures.

State audits
Article 67

(1) Without prejudice to the independence of the National Bank and independently from the external auditors' activities referred to in Article 65 paragraph (1) of this Law, the State Audit Office may perform audit with regard of investment costs and operating costs and shall prepare report, submitting it to the Parliament of the Republic of Macedonia.
(2) The State Audit Office shall submit to the National Bank, copies of its reports submitted to the Parliament of the Republic of Macedonia.

X. GENERAL PROVISIONS

Bylaws and other acts
Article 68

(1) The National Bank shall adopt bylaws and other acts necessary for achieving the objectives and carrying out the tasks entrusted to the National Bank under this Law or any other law.
(2) All National Bank acts that have general application shall be adopted in the form of Decisions.
(3) With a view to implementing decisions that have general application, the National Bank may issue Instructions.
(4) The National Bank may issue, to banks and other entities, nonbinding Circulars on the general

rules and trends related to the National Bank responsibilities and activities.

Publishing bylaws
Article 69

(1) Decisions and instructions as per Article 68 of this law that have general application shall be published in the "Official Gazette of the Republic of Macedonia".
(2) The National Bank may publish the legal acts under paragraph (1) on its website.
(3) The National Bank may publish, on its web, its legal acts that do not have general application.

Conflict of interest and fiduciary duty
Article 70

(1) Members of the National Bank Council and staff shall avoid any situation liable to give rise to a conflict of interest. A conflict of interest arises where members of the National Bank Council or staff have private or personal interests, which may influence or may influence the objective performance of their duties. Private or personal interests of members of the National Bank Council or staff mean any potential advantage for themselves, their families, their other relatives up to the second degree,
(2) No member of the National Bank Council and staff shall receive or accept from any source any benefits, rewards, remuneration or gifts of any source, whether financial or nonfinancial, for their activities within the Bank.
(3) A breach of paragraph (2) of this Article by staff shall constitute a serious breach of the rules, and may at the discretion of the Governor constitute grounds for disciplinary measures, including dismissal.
(4) Members of the National Bank Council and staff shall not use confidential information to which they have access for the purpose of carrying out private financial transactions, whether directly or indirectly via third parties or whether conducted at their own risk and for their own account, or at their own risk and for the account of and at the risk of a third party.
(5) Members of the National Bank Council shall, before the last day of January each year, disclose to the National Bank Council in full significant financial interests which they or any person with whom they have family, business, or financial connections may directly or indirectly possess and such disclosures shall comply with the internal rules adopted by the National Bank Council.
(6) Member of the National Bank Council, who, prior to the beginning of the discussion, discloses any such conflict of interest, shall not participate in the discussion and shall not have the right to vote, however, their presence shall be counted for the purpose of constituting a quorum.
(7) Members of the National Bank Council and staff have a duty to place the National Bank's interests and its customers' interests before their own personal and pecuniary interest.

Fees and charges
Article 71

(1) The National Bank may charge reasonable fees and charges for the services it provides.
(2) The National Bank Council shall lay down the form and the level of the fees and charges under paragraph (1) of this Article, in line with the complicity and the scope of the activities.

Prohibited activities
Article 72

(1) Except as otherwise specifically authorized by this or any other law, the National Bank shall not:
1) grant any credit or make any monetary or financial gift;
2) engage in commerce, purchase the shares of any corporation, including the shares of any financial institution, or otherwise have an ownership interest in any financial, commercial, agricultural, industrial, or other undertaking; or
3) acquire by purchase, lease, or otherwise any real rights in or to immovable property, except as it shall consider needed or necessary for the provision of premises for the conduct of its

operations or requirements for the performance of its tasks.

(2) Notwithstanding the provisions of paragraph (1) of this Article, the National Bank may:

1) make adequately secured loans,
2) have an ownership share or otherwise participate in, any organization that is engaged in activities devoted to achievement of the tasks and responsibilities of the National Bank, and
3) acquire, in the course of satisfaction of debts due to it, any interests or rights referred to in paragraph (1) items 2 and 3 of this Article, provided, however, that all such interests or rights so acquired shall be disposed of at the earliest suitable opportunity.

Immunity from taxation
Article 73

(1) The National Bank shall be exempt from value added taxes on:

1) gold and other precious metals to and from the National Bank;
2) banknotes and coins that are legal tender in Republic of Macedonia and
3) printing paper and colors for banknotes and coin blanks prepared for minting coins that are legal tender in Republic of Macedonia to and from the National Bank;

(2) The National Bank shall be exempt from value added taxes on import of:

1) gold and other precious metals, for the National Bank;
2) banknotes and coins that are legal tender in Republic of Macedonia and
3) printing paper and colors for banknotes and coin blanks prepared for minting coins that are legal tender in Republic of Macedonia.

(3) The National Bank shall be exempt from profit taxes.

(4) The National Bank shall be exempt from property taxes for the immovable property in its ownership.

Confidentiality
Article 74

(1) No persons who serve or haves served as a member of the National Bank Council or staff shall, except when necessary for the fulfillment of any function or duty imposed by this Law or any other law, permit access to, disclose or publicize nonpublic information which they have obtained in the performance of their tasks and duties or use such information, or allow such information to be used, for personal gain.

(2) By way of derogation from paragraph (1) of this Article, member of the National Bank Council or staff may disclose nonpublic information, in accordance with procedures established by the National Bank, only if:

1) consent is obtained of the person about whom the information relates;
2) for the fulfillment of a duty to disclose as imposed by law, or on the order of a court;
3) given to the external auditors of the National Bank;
4) given to regulatory and supervisory authorities in the performance of their official duties; or
5) the interest of the National Bank itself in legal proceedings requires disclosure.

(3) The National Bank Council shall determine the classification and accessibility of documents held by or drawn up by the National Bank in accordance with the regulation for accessibility and protection of classified information.

Claim settlement
Article 75

(1) The National Bank shall have a first ranking unconditional preferential right to satisfy each of its claims arising from the execution of its tasks from any cash balances, securities and other assets that it holds, on any ground, for the account of the debtor concerned, at the time that such claim becomes due and payable.

(2) No court action shall be required, and no competing claim shall be permitted, to delay the exercise by the National Bank of its preferential right specified under paragraph (1) of this Article.

Immunity from attachment
Article 76

No attachment shall be issued against the National Bank or its property, including gold, special drawing rights, banknotes and coins, credits, deposits or securities, and any proceeds thereof, before the issuance of a final judgment brought before the courts.

Damage liability
Article 77

(1) The National Bank shall not be liable to third parties for the damages that may occur as a result of the measures and activities for preserving the stability and soundness of a particular financial institution or the overall banking system, except in cases when it fails to comply with the authorizations prescribed by law.
(2) The persons who were or have been supervisors shall not be liable for damages under paragraph (1) of this Article, except in cases when they are convicted of a felony related to their operations, with a decree absolute.
(3) The staff, Governor, Vice governors and nonexecutive members of the National Bank Council of the National Bank, during or after employment, i.e. engagement in the National Bank, shall not be liable to third parties for the damages that may occur as a result of performing their duties, provided they were carried within the legal authorization.

Indemnification
Article 78

The National Bank shall indemnify for the costs incurred in the legal action brought against the staff, Governor, Vice governors and nonexecutive members of the National Bank Council in connection with their employment i.e. engagement at the National Bank, except when they have been convicted of a crime arising from their activities.

XI. RELATIONS BETWEEN THE NATIONAL BANK AND THE EUROPEAN UNION

Article 79

The National bank shall cooperate and exchange information with the European Central Bank and other institutions and bodies of the European Union.

XII. MEMBERSHIP OF THE REPUBLIC OF MACEDONIA IN THE EUROPEAN UNION

General provisions
Article 80

(1) The National Bank shall be an integral part of the European System of Central Banks (hereinafter: ESCB).
(2) The National Bank shall work on achieving the objectives and carrying out the tasks of the ESCB. in accordance with the provisions of the Treaty establishing the European Community, the Statute of the ESCB and the European Central Bank (hereinafter: ECB), the directly applicable regulations of the European Union and the provisions of this Law,

Independence of the National Bank
Article 81

Without prejudice to Article 5 of this Law, the National Bank, and the members of the National Bank Council**,** shall neither seek nor take instructions from the institutions and bodies of the European Union, from any government of a Member State or from any other body. The institutions and bodies of the European Union and the governments of the Member States may not influence the independence of the National Bank, the adoption and implementation of decisions of the National Bank and of its bodies, nor may they approve, revoke, postpone, cancel, or influence in any other form any decision of the National Bank and of its bodies

Objectives of the National Bank as part of the ESCB
Article 82

Without prejudice to the objectives laid down in Article 6 of this Law, the National Bank shall support the general economic policies of the European Community with a view to achieving the objectives as laid down in Article 2 of the Treaty establishing the European Community. The National Bank shall act in accordance with the principle of an open market economy with free competition, in compliance with the principles set out in Article 4 of the Treaty establishing the European Community.

Subscription of the capital of the ECB
Article 83

The National Bank shall subscribe and pay up the capital in the ECB in accordance with Articles 28 and 29 of the Statue of the ESCB and the ECB.

Competences and powers to implement the exchange rate policy
Article 84

(1) When adopting measures related to the exchange rate of the domestic currency, the National Bank shall take into account the common interest of the Member States of the European Union.
(2) The Council of the European Union shall have all the competences referred to in Article 111 of the Treaty establishing the European Community concerning the foreign exchange rate policy.

Advisory function of the ECB
Article 85

(1) Any draft-law and regulation within the ECB's competence shall be submitted to the ECB for an opinion.
(2) The Government of the Republic of Macedonia shall, for information purposes, submit to the National Bank the draft-laws and other regulations referred to in paragraph (1) of this Article.
(3) The Government of the Republic of Macedonia shall consult the National Bank on areas outside the competence of the ECB, in the preparation of regulations concerning the objectives, tasks and competences of the National Bank.

Protection of banknotes and coins against counterfeiting
Article 86

With the view of efficient performing of the activities related to the protection of banknotes and coins against counterfeiting, the National Bank shall adopt measures in accordance with the rules of the European Union.

Prohibition of lending
Article 87

(1) Without prejudice to Article 44 of this Law, the National Bank may not extend lines of credits to the institutions and bodies of the European Union, central governments, regional and local authorities, other bodies with public authorizations and public undertakings over which Member States exercise a dominant influence, as set out in Article 101 of the Treaty establishing the European Community.
(2) The National Bank may not purchase debt securities directly from the persons and bodies referred to in paragraph (1) of this Article.
(3) By way of derogation, the prohibition referred to in paragraph (1) of this Article shall not apply to state owned banks, when they enjoy the same treatment as private credit institutions.
(4) By way of derogation, the prohibition referred to in paragraph (1) of this Article shall not apply to intra-day loans granted to the Government of Member States. Such loans must be repaid by the end of the day and may not be extended to the next day.

Right to appeal against removal from office
Article 88

The Governor of the National Bank shall have the right to appeal before the European Court of Justice against the decision on removal from office. All other members of the National Bank Council may, against the decision on the removal from office taken by the Parliament of the Republic of Macedonia, bring an administrative dispute before the competent court at the Republic of Macedonia.

Membership in ECB bodies
Article 89

The Governor of the National Bank shall be a member of the General Council of the ECB.

Data confidentiality
Article 90

(1) The submission of data to the ECB as required to fulfill the obligations set out in the Statute of the ESCB and the ECB shall not be considered as disclosure of confidential data.
(2) The confidential data of the National Bank shall not be disclosed to third parties even when the conditions referred to in Article 74 of this Law are met, when such disclosure is contrary to the duties and tasks of the National Bank set out in the provisions of the Treaty establishing the European Community and the Statute of the ESCB and the ECB.

Collection of statistics
Article 91

In order to achieve the objective and carry out the tasks of ECB, the National Bank shall participate in the collection, processing and dissemination of statistics in accordance with Article 5 of the Statute of the ESCB and ECB and this Law.

Prohibition on privileged access
Article 92

In accordance with Article 102 of the Treaty establishing the European Community, the prohibition on privileged access to financial institutions under Article 45 of this Law shall apply also to institutions and bodies of the European Union, central government, regional and local authorities, other bodies with public authorizations or public enterprises of the member states of the European Union.

XIII. INTRODUCTION OF THE EURO AS THE OFFICIAL CURRENCY OF THE REPUBLIC OF MACEDONIA

Tasks of the National Bank as part of the ESCB
Article 93

In accordance with the Treaty establishing the European Community and the Statute of the ESCB and the ECB, National Bank shall carry out the following tasks:

1) participate in the implementation of monetary policy of the European Community;
2) conduct foreign exchange operations as set out in Article 111 of the Treaty establishing the European Community;
3) hold and manage the portion of foreign reserves of the Republic of Macedonia that have not been transferred to the ECB; and
4) ensure the smooth operation of payment systems.

Tasks of the National Bank
Article 94

Without prejudice either to its tasks referred to in Article 93 of this Law and to its independence, the National Bank shall carry out the following tasks:

1) regulate, license, and supervise credit institutions and other financial institutions as further specified in this Law or any other law;
2) supervise the application of the regulations that govern foreign currency operations, exchange operations, money transfer services and the anti-money laundering systems, as further specified in the relevant laws;

3) open accounts for and accept deposits from credit institutions, execute payment operations across these accounts and grant loans to credit institutions;
4) collect and process statistics;
5) establish, promote, register and oversee safe, sound and efficient payment, settlement and clearing systems;
6) act as fiscal agent for the Republic of Macedonia and perform other operations for the Republic of Macedonia, as provided by law;
7) adopt bylaws on operations within its competence; and
8) perform other operations as provided by other regulations; if not contrary to the tasks set out in Article 3 of the Statue of the ESCB and the ECB.

Participation in international monetary institutions
Article 95

The National Bank may participate in the work of international monetary institutions only subject to approval of the ECB.

Participation of the National Bank in the implementation of monetary policy
Article 96

(1) As an integral part of the ESCB, the National Bank shall participate in the conduct of monetary policy and exercise monetary control.
(2) In the conduct of monetary policy, the National Bank shall act in accordance with the legal acts of the ECB and the regulations of other competent bodies of the European Union.
(3) In order to ensure the smooth application of the legal acts referred to in paragraph (1) of this Article, the National Bank may, subject to prior opinion of the ECB, adopt implementation acts.
(4) The acts referred to in paragraph (2) of this Article must be fully in line with the legal acts of the ECB.

Measures for prevention from over liquidity on the market
Article 97

In order to prevent an uncontrollable increase of liquidity in the market which might occur on the day of introduction of the Euro as the official currency of the Republic of Macedonia and with regard to the obligations of banks and savings houses to adjust the amount of reserve requirement stipulated by the National Bank to the amount of reserve requirement stipulated by the ECB, the National Bank may define the appropriate measures in its bylaws.

Open market and credit operations
Article 98

In order to achieve the objectives and to carry out the tasks of the ESCB, and in accordance with Article 18 of the Statute of the ECB, the National Bank may:
1) participate in the financial markets by buying and selling outright (spot and forward) or under repurchase agreement or by lending or borrowing claims, marketable instruments (whether in Community or in non-Community currencies) and precious metals; and
2) conduct credit operations with banks and other market participants, by lending based on adequate collateral.

Minimum reserve requirement
Article 99

(1) The ECB may require credit institutions to hold minimum reserve requirement on accounts with the ECB and the National Bank in pursuance of monetary policy objectives and in accordance with Article 19 of the Statute of the ESCB and the ECB.
(2) The Council of the European Union shall define the conditions, basis and the ratios for calculating the minimum reserve requirement, as well as the manner and deadlines for allocating and maintaining reserve requirement.

(3) If a credit institution fail to comply with the ECB requirement referred to in paragraph (1) of this Article, the ECB shall be entitled to levy to the bank, penalty interest and/or to impose other sanctions with comparable effect.

Other monetary control instruments
Article 100

The National Bank shall be authorized to use other monetary control instruments defined by the Governing Council of the ECB in accordance with Article 20 of the Statute of the ESCB and the ECB.

Foreign exchange operations
Article 101

(1) In accordance with the provisions of the Treaty on establishing the European Community and Article 23 of the Statute of the ESCB and the ECB, the National Bank may:
1) establish relations with central banks and financial institutions with third countries and, where appropriate, with international organizations;
2) buy and sell (spot and forward) or otherwise acquire, all types of foreign exchange assets and precious metals;
3) hold and manage the assets referred to in the previous item of this paragraph; and
4) conduct all types of banking transactions in relations with third countries and international organizations, including borrowing and lending operations.

(2) The term 'foreign exchange assets' referred to in paragraph (1), item 2 of this Article shall include securities and all other assets in any foreign currency or unit of account in whatever form held.

Foreign reserves
Article 102

The assets referred to in Article 101, paragraph (1) item 2 of this Act shall constitute the foreign reserves of the Republic of Macedonia.

Transfer of a portion of the foreign reserves to the ECB
Article 103

(1) The National Bank shall transfer a portion of the foreign reserves referred to in Article 102 of this Law to the ECB in accordance with Article 30 of the Statue of the ESCB and the ECB.

(2) The National Bank may, if so entrusted by the ECB, manage the transferred portion of foreign reserves referred to in paragraph (1) of this Article on behalf and for the account of the ECB, as set out in the guidelines of the ECB.

Non-transferred foreign reserves of the Republic of Macedonia
Article 104

(1) The portion of the foreign reserves referred to in Article 102 of this Law that has not been transferred to the ECB in accordance with Article 103 of this Law shall constitute the foreign reserves of the Republic of Macedonia, which shall be held and managed by the National Bank.

(2) The foreign reserves of the Republic of Macedonia referred to in paragraph (1) of this Article shall constitute a part of the balance sheet of the National Bank.

(3) The National Bank shall manage the foreign reserves referred to in paragraph (1) of this Article in accordance with its own policies, upholding the principles of safety, liquidity and profitability of investment.

(4) Transactions in non-transferred foreign reserves and transactions with the assets at the current foreign exchange accounts of the Republic of Macedonia that exceed the amount set out in the guidelines of the Governing Council as defined by Article 31 of the Statute of the ESCB and the ECB, shall be subject to approval of the ECB.

(5) By way of derogation from paragraph (4) of this Article, the performance of transactions arising from the fulfillment of obligations towards international organizations referred to in

Article 101 of this Law, shall not be subject to approval of the ECB.

Issuance of banknotes and coins
Article 105

(1) The National Bank may issue banknotes denominated in Euro within the limits approved by the ECB and in accordance with the provisions of the Statute of the ESCB and the ECB and the provisions of the Treaty establishing the European Community.
(2) The National Bank may issue coins denominated in Euro subject to approval by the ECB of the volume of the issue. The National Bank shall apply the rules on denominations and technical specifications in accordance with the relevant rules of the European Union.

Design of coins
Article 106

The National Bank shall participate in defining the design of the coins that it issues in accordance with the relevant rules of the European Union.

Payment transaction settlement systems
Article 107

(1) The National Bank shall ensure the conditions for the smooth and efficient operation of payment transaction settlement systems within and outside the European Union applying the regulations of the ECB and of other competent bodies of the European Union.
(2) In order to ensure the smooth application of the regulations referred to in paragraph (1) of this Article, the National Bank may adopt implementation acts, subject to approval of the ECB.
(3) Acts referred to in paragraph (2) of this Article must be fully in line with the regulations of the ECB and of other competent bodies of the European Union.

Tasks and powers of the National Bank Council
Article 108

The National Bank Council shall be competent to:
1) adopt the budget of the National Bank;
2) adopt the reports referred to in Article 61 of this Law;
3) issue and withdraw license for operating payment systems and adopt bylaws regulating their operation, if authorized pursuant this Law and the Statute of the ESCB and the ECB;
4) adopt bylaws regulating the issuance of coins, if authorized pursuant this Law, the Statute of the ESCB and the ECB and the relevant regulations of the European Union;
5) formulate strategy and policies for managing the non-transferred portion of foreign reserves;
6) decide on the National Bank's membership in international institutions and organizations; and
7) decide on the membership of the National Bank in international monetary institutions, subject to approval of the ECB.

Membership in ECB bodies
Article 109

The Governor of the National Bank shall be a member of the Governing Council of the ECB.

Capital of the National Bank
Article 110

On the date of introduction of the Euro as the official currency of the Republic of Macedonia, the capital of the National Bank in the amount of Denar 1.289.789.232,00 shall be converted into Euro according to the fixed conversion rate (Denar/EUR).

Financial statements of the National Bank
Article 111

(1) The National Bank shall prepare financial statements in accordance with the accounting rules

and instructions of the ECB.

(2) The annual financial statements of the National Bank shall include the portion of monetary income of the ESCB and ECB allocated by the ECB in accordance with the Statute of the ESCB and the ECB and accrued in the implementation of the common monetary policy.

Appointment of auditor
Article 112

The decision on the appointment of an independent external auditor to audit the financial statements of the National Bank shall be made in accordance with the Statute of the ESCB and the ECB.

Bylaws
Article 113

For the purposes of applying the guidelines of the ECB in the areas of competence of the ECB, the National Bank adopts bylaws, subject to approval of the ECB.

ECB sanctions
Article 114

(1) The National Bank shall apply the system of ECB sanctions in the areas which are governed by the regulations of the ECB, in accordance with the Treaty establishing the European Community.

(2) The National Bank shall participate in the procedure for imposing ECB sanctions in accordance with the regulations of the ECB and other regulations of the bodies of the European Union.

XIV. MISDEMEANOR PROVISIONS

Misdemeanor body
Article 115

(1) For the misdemeanors regulated under Article 117, 118, 119 and 120 of this Law, the National Bank shall launch a misdemeanor procedure and impose misdemeanor sanctions.

(2) For the misdemeanors regulated under Article 121 and 122 of this Law, the competent court shall launch a misdemeanor procedure and impose misdemeanor sanction.

(3) The misdemeanor procedure referred to in paragraph (1) of this Article shall be conducted by the Misdemeanor Commission (hereinafter: Misdemeanor Commission) comprising persons employed in the National Bank, appointed by the Governor.

(4) The Governor shall determine the number, the qualifications and work experience of the Misdemeanor Commission members.

(5) Misdemeanor Commission members shall be elected for a period of 5 years with a right to reappointment.

(6) Only bachelor of law, having passed the bar exam, may be assigned as a president of the Misdemeanor Commission.

(7) The Misdemeanor Commission shall adopt rules of procedure, previously approved by the Governor.

Work of the Misdemeanor Commission
Article 116

(1) Members of the Misdemeanor Commission may be dismissed in the following cases:

1) when the period for which they were appointed as a member expires;
2) on their request;
3) when they become eligible for old-age pension, pursuant to law;
4) if determined to be permanently unable to work;
5) if violation of regulations for conducting misdemeanor procedure is determined with effective court decision;
6) if they have been convicted for criminal offense;
7) if they fail to meet the obligations arising from the operations in the Misdemeanor Commission or

8) if they fail to report conflict of interest for cases subject to decision-making by the Misdemeanor Commission.

(2) The proposal for dismissal of a member of the Misdemeanor Commission under paragraph 1 (3) to (8) of this article shall be submitted by the Misdemeanor Commission to the Governor of the National Bank.

(3) Misdemeanor Commission members shall be independent in their operations and shall make decision on the basis of regulations, their expert knowledge and their personal belief.

(4) The decision of the Misdemeanor Commission shall be considered adopted when voted by the majority of its members.

Article 117

(1) A bank, a foreign bank branch and a saving house shall be fined with EUR 15,000 to 20,000 in Denar equivalent, if it fails to comply with the obligation for reserve requirement or fails to comply with the conditions, the base and the rates for calculation of the reserve requirement, as well as the manner and the deadlines for allocating and maintaining a reserve requirement (Article 20).

(2) The responsible person with the bank, branch of a foreign bank and saving house shall be fined with EUR 4,000 to EUR 6,000 in Denar equivalent for the misdemeanor referred to in paragraph (1) of this Article.

Article 118

(1) A legal entity shall be fined with EUR 15,000 to EUR 20,000 in Denar equivalent if it reproduces banknotes and coins that are legal tender in Republic of Macedonia or creates any objects that by their design imitate any such banknote and coin without prior written authorization of the National Bank (Article 30).

(2) The responsible person of the legal entity shall be fined with EUR 4,000 to EUR 6,000 in Denar equivalent for the misdemeanor referred to in paragraph (1) of this Article.

Article 119

(1) Natural persons shall be fined with EUR 4,000 to EUR 6,000 in Denar equivalent if they reproduce banknotes and coins that are legal tender in Republic of Macedonia or create any objects that by their design imitate any such banknote and coin without prior written authorization of the National Bank (Article 30).

Article 120

(1) A bank, foreign bank branch, saving house, and any other legal entity required to furnish with statistics and information shall be fined with EUR 2,000 to 5,000 in Denar equivalent if:

1) it fails to submit, or fails to submit in due course, any statistics and information to the National Bank as required by Article 36 of this Law;

2) it fails to submit, or fails to submit in due course, any data and information to the National Bank on maintaining the Credit Registry (Article 39).

(2) The responsible person with the bank, foreign bank branch, saving house, and any other legal entity required to submit statistics and information shall be fined with EUR 500 to EUR 1,000 in Denar equivalent for the misdemeanor referred to in paragraph (1) of this Article.

Article 121

Natural persons shall be fined with EUR 400 to EUR 800 in Denar equivalent if they fail to submit, or fail to submit in due course, any statistics and information to the National Bank according to Article 36 of this Law.

Article 122

The Governor, the Vice Governors and the nonexecutive members of the National Bank Council shall be fined with EUR 6,000 to 10,000 in Denar equivalent for a misdemeanor if they:

1) carry out other professions during their term of office (Article 50 paragraph (3));

2) fail to provide a written statement on a specific issue in case their objectivity is threatened by

a conflict of interest with regard to such matter and fail to be exempted from the decision-making (Article 70); and

3) disclose classified information with certain level of secrecy, regardless of the way they have obtained it when carrying out their function (Article 74).

Article 123

A National Bank staff member shall be fined with EUR 4,000 to 8,000 in Denar equivalent for a misdemeanor, if they disclose classified information with certain level of secrecy, regardless of the way they have obtained it when carrying out their duties (Article 74).

Article 124

(1) The misdemeanor procedure defined by this Law may not be initiated nor conducted after two years from the day of committing the misdemeanor.
(2) The lapse period shall be terminated with any process undertaken by any competent body for persecution of the perpetrator.
(3) After each termination of the period referred to in paragraph (2) of this Article, the lapse period shall start running again, but the misdemeanor procedure cannot be launched nor conducted after the expiry of four years from the day of committing the misdemeanor.

XV. TRANSITIONAL AND CLOSING PROVISIONS

Article 125

(1) The Governor and Vice Governors of the National Bank Council elected by the Parliament of the Republic of Macedonia until the day this Law enters into the force shall remain at duty until the expiry of their term of office.
(2) The external members of the National Bank Council elected by the Parliament of the Republic of Macedonia until the day this Law enters into the force, shall became nonexecutive members of the National Bank Council and remain on duty until the expiration of their term.
(3) The Governor, the Vice Governors and the nonexecutive members of the National Bank Council shall, within 90 days after this Law enters into force, comply with the provision of Article 50 of this Law.
(4) The Vice Governor elected by the Parliament of the Republic of Macedonia until the day this Law enters into the force, who is not a member of the National Bank Council, shall became a member of the National Bank Council on the day of expiration of the mandate of any of its nonexecutive members.

Article 126

(1) The bylaws specified by this Law shall be adopted within 9 months from the date this Law enters into force.
(2) The existing bylaws shall apply until the date of effectiveness of the bylaws referred to in paragraph (1) of this Article.

Article 127

(1) The provisions of Chapter XII Membership of the Republic of Macedonia in the European Union with Articles 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93 and 94 of this Law shall apply as of the date of accession of the Republic of Macedonia to the European Union.
(2) The provisions of Chapter XIII Introduction of the Euro as an official currency of the Republic of Macedonia with Articles 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114 and 115 of this Law, shall apply as of the date of the introduction of the Euro as an official currency of the Republic of Macedonia.

Article 128

(1) As of the date of accession of the Republic of Macedonia to the European Union, the provision of Article 6 paragraph (2), Article 44 and the provision of Article 79 shall cease

to be valid.

(2) As of the date of accession of the Republic of Macedonia to the European Union, the misdemeanor procedure for the misdemeanors listed under Article 20 of this Law shall be held at the authorized court.

Article 129

As of the date of the introduction of the Euro as an official currency of the Republic of Macedonia the provisions of the following Articles shall cease to be valid: Articles 7, 12 paragraph (1), 14 paragraph (1), 19, 20, 21, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 40 paragraph (1), 47 items 1), 2), 15), 16), 18) and 20), 48 paragraph (1) items 2),4) and 6), 60 paragraph (1), 65, 73 paragraph (1) items 2) and 3) and paragraph (2) items 2) and 3), 84, 115 paragraphs (1), (3), (4), (5), (6) and (7), 116, 117, 118 and 119 of this Law.

Article 130

On the day this Law enters into force, the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia“ no. 3/02, 51/03, 85/03, 40/04, 61/05 and 129/06) shall seize being valid.

Article 131

This Law shall enter into force on eighth day of its publication in the "Official Gazette of the Republic of Macedonia".

-ANNEX 7-

BANKING LAW

I. GENERAL PROVISIONS

Article 1

This Law shall set forth the founding, operations, supervision, and termination of operations of banks and of branches of foreign banks in the Republic of Macedonia, as well as the opening and operations of branches of banks from European Union member states.

Article 2

For the purpose of this Law, the terms given below shall denote the following:

1. "Bank" shall denote a legal entity, licensed by the Governor of the National Bank of the Republic of Macedonia, established in accordance with the provisions of this Law, the principal activity of which is to accept deposits and other repayable sources of funds from the public and to extend credits on its own behalf and for its own account.
2. “Postal Bank” shall denote a legal entity in the Republic of Macedonia established according to the provisions of this Law, with the “Macedonian Post” public enterprise or its legal successor obligatorily being one of the shareholders.
3. "Deposit" shall denote a claim on the bank in cash, with or without interest or compensation of any kind, collectable either on demand or within a certain period, depending on the agreed conditions at the time of depositing the cash.
4. “Banking activities” shall denote collecting deposits and approving credits on own behalf and for own account.
5. "Bank shareholder" shall denote legal entity or natural person who holds shares in a bank.
6. "Entity/Person" shall denote domestic and/or foreign legal entity and natural person.
7. "Connected entities" shall denote two or more entities who:
   (4) represent a single risk, as one of them directly or indirectly exercises participation or control over other entity, or other entities,
   (5) represent a single risk, although they are not control-related, because they are interconnected such that the financial problems in one of them are likely to make other entity/entities be in default.

Two natural persons shall be considered connected if one of them is a spouse or a person whom they live with in an extramarital union (illegitimately), a child or a foster child, parent or a person under guardianship of the other natural person.

8. "Persons related to a bank" shall be the following:
   4) bank subsidiaries and other entities the bank has close links with,
   5) shareholders with qualified holding in the bank and entities related thereto, and the responsible persons of those shareholders – legal entities,
   6) persons with special rights and responsibilities at the bank and persons related thereto.
9. "Close links" shall denote cases when two and/or several entities are connected by participation or control, and when two and/or several entities are controlled by the same entity.
10. "Control" shall denote:
    7) direct or indirect ownership of a majority share (in another legal entity), or
    8) direct or indirect ownership of a majority of the voting rights in another legal entity, or
    9) right to appoint and dismiss the majority members of the management bodies of other legal entity, directly or indirectly, including a concluded agreement with one or more shareholders of the other legal entity on yielding or associating their voting rights for the purposes of exerting mutual interests, or
    10) right to exercise, directly or indirectly, a dominant influence on the management and adoption of policies and financial and business decision of other legal entity.
11. "Bank from European Union member-state" shall be a legal entity registered and with a head office in a member state of the European Union, which was granted an authorization to perform banking activities by a competent authority of the member state and is subject to

supervision of the competent authority empowered by law or other regulations in such state.

12. "Foreign bank" shall be a legal entity registered and with a head office outside the Republic of Macedonia, which was granted an authorization to perform banking activities by a competent authority in the country, and is subject to supervision of the competent authority empowered by law or other regulations in such state.
13. "Home country" is a European Union member-state, where a bank or other respective institution was granted an authorization and registered its head office.
14. "Authorization" is a document in any form issued by a authority empowered by law or other regulations, assigning the right to perform banking activities.
15. "Competent authority" is an authority empowered by law or other regulations to issue authorization and/or bank supervision or other respective institutions that perform banking activities.
16. "Subsidiary" shall denote a legal entity controlled by another legal entity (parent entity). Each subsidiary of the subsidiary shall be considered a subsidiary of the parent entity.
17. "Banking group" shall denote a bank or financial holding company with a head office in the Republic of Macedonia that exerts control over or have participation in one or several other banks, other non-banking financial institutions or ancillary service undertakings of the bank, where the bank or the financial holding company shall be considered a parent entity of the banking group, whereas all other group members shall be considered subordinated entities of such parent entity.
18. "Financial holding company" shall denote non-banking financial institutions, subsidiaries of which are banks or non-banking financial institutions, holding at least 80% of the total assets of the company, with at least one subsidiary being a bank.
19. "Ancillary services undertaking of a bank" shall denote a legal entity, the prevalent activity of which is real estate management, management and maintenance of data processing system or performing related activities which, according to their nature, are considered supporting activities to the activities performed by one or several banks.
20. "Participation" shall denote direct or indirect ownership of at least 20% of the total number of shares/stakes or the voting rights of other entities.
21. "Qualified holding in a bank" shall denote direct or indirect ownership of at least 5% of the total number of shares or the issued voting shares in a bank or which makes it possible to exercise a significant influence over the management of that bank.
22. "Initial capital" shall be the minimum amount of capital stipulated by this law the shareholders are required to subscribe and pay in.
23. "Credit" shall denote placement of a certain sum of money in exchange for repayment of the amount disbursed and outstanding, including the interest and/or commission for that amount.
24. "Recommendation" shall denote an advice given to a bank by the Governor National Bank of the Republic of Macedonia in writing, aimed at more efficient performance of the tasks or providing information to the bank.
25. "Written warning" shall denote a binding recommendation provided by the Governor of the National Bank of the Republic of Macedonia for addressing the identified illegitimacies and irregularities in the operations of the bank within a certain period, accompanied by an announcement for undertaking more severe measures, unless it is observed.
26. "Person with special rights and responsibilities" shall denote a natural person who is a member of the Supervisory Board, member of the Board of Directors, member of the Auditing Committee, member of the Risk Management Committee and other managers as defined by the Statute of the bank. In the case of a foreign bank branch, a person with special rights and responsibilities is a natural person managing the branch.
27. "Independent member" is a natural person and natural persons connected thereto, who:
    11) is not employed or a person without special rights and responsibilities in the bank,
    12) is not a shareholder with qualified holding in the bank or does not represent a shareholder with qualified holding in the bank,
    13) does not work, or has not been working in an audit company over the last three years, which at that time audited the operations of the bank,
    14) has not got any financial interest or business relation with the bank in an amount

exceeding Denar 3,000,000 annually, on average, over the last three years.

28. "Reputation" shall denote honesty, competence, hardworking and character that makes sure that the person will not act towards jeopardizing the safety and soundness of the bank and undermining its reputation and credibility.
29. "Own funds" shall denote funds of the bank comprising the initial capital, reserves and other items, calculated according to the methodology stipulated by the National Bank of the Republic of Macedonia Council in accordance with international standards.
30. "Measures" shall mean actions undertaken by the Governor of the National Bank of the Republic of Macedonia to eliminate irregularities, noncompliance and illegitimacies in the bank' operations.
31. "Reorganization measures" shall denote measures undertaken by a competent authority for the purposes of preserving or improving the financial position of the bank, such as recapitalization, administration, payment suspension, etc., which can affect the rights of third parties.
32. "Branch" shall denote an organizational unit of a bank, having no status of a legal entity, which directly conducts all or some of the activities performed by the bank.
33. "Representative office" shall denote a part of a bank having no status of a legal entity, which may research the financial and banking operations market, and shall not perform banking and/or other financial activities.
34. "Non-banking financial institution" shall denote a legal entity other than bank, the principal activity of which is:

- carrying one or more of the following financial activities: approving credits; currency exchange operations; issuance of e-money, if regulated by special law; issuance and administration of credit cards; financial leasing; factoring; forfeiting; issuance of guarantees and other forms of collateral; economic and financial consulting; insurance activities in line with the law; intermediation in conclusion of credit and loan contracts; securities operations in line with the law; fast money transfer; investment funds management and pension funds management. If the activities are regulated by a special law, the non-banking financial institutions shall perform those activities in line with a special law, or
- acquiring participation in legal entities which carry one or more of the financial activities referred to in indent 1 of this paragraph.

35. "Non-financial institution" shall denote a legal entity which is not a bank or non-banking financial institution.
36. "Acquiring shares" shall denote subscription, payment, purchasing and inheriting shares and obtaining shares by compensation, present, pledge, court decision and other methods specified by a law.
37. "Net debtor of a bank" shall denote a natural person whose annual average liabilities to the bank exceed their average annual claims and investments in the bank and/or a natural person who is a representative or otherwise connected to a legal entity, the net exposure of the bank to which exceeds 1% of the bank's own funds.

Article 3

Banking activities may be conducted only by:

(3) bank which was granted a founding and operating license by the Governor of the National Bank of the Republic of Macedonia (hereinafter referred to as: Governor),
(4) foreign bank which was granted a license for opening and operating a branch by the Governor of the National Bank of the Republic of Macedonia and
(5) bank from a member state of the European Union which, according to this law, opened a branch in the Republic of Macedonia.

Article 4

(4) The word "bank" or words derived from them shall not be used in the name of a trade company, or any legal entity and their organizational units, which was not granted a license for founding and operating a bank or opening and operating a branch of a foreign bank by the Governor, or which is not a branch of a bank from a member state of the European Union.

(5) A branch of a foreign bank and branch of a bank from European Union member-state shall use the name of the bank as in the country of registration of the bank's head office, compulsorily indicating its head office and the word "branch".

(6) Trade company, or other legal entity and their organizational units, the name of which points to a bank, and was not granted a license for founding and operating a bank or opening and operating a branch of a foreign bank by the Governor, or which is not a branch of a bank from a member state of the European Union, may not be registered in the Trade Registry maintained in the Central Registry.

Article 5

Entities which were not granted a license by the Governor and are not branches of a bank from a member state of the European Union shall not collect deposits.

Article 6

(5) The provisions of this Law shall also apply to banks founded with a special law, unless otherwise specified by that law.

(2) The provisions of this Law shall also apply to Postal Bank.

(3) The provisions of the Trade Company Law shall apply to the operations of banks established and having head office in the Republic of Macedonia, foreign bank branches and branches of banks from European Union member-states, unless otherwise specified by this law.

(4) The provisions of the Law on Taking Over Joint Stock Companies shall not apply to banks in the cases when less than 50% plus 1 stock of the total number of voting shares in the bank are taken over and in the cases, stipulated by this Law, when the shares are sold by the National Bank of the Republic of Macedonia (hereinafter: the National Bank).

II. FINANCIAL ACTIVITIES

Article 7

(1) The bank may perform the following activities:

15) accepting deposits and other repayable sources of funds,
16) lending in the country, including factoring and financing commercial transactions,
17) lending abroad, including factoring and financing commercial transactions,
18) issuance and administration of means of payment (payment cards, checks, traveler's checks, bills of exchange),
19) issuance of e-money, if regulated by special law,
20) financial leasing,
21) currency exchange operations,
22) domestic and international payment operations, including purchase and sale of foreign currency,
23) fast money transfer,
24) issuance of payment guarantees, backing guarantees and other forms of collateral,
25) lease of safe deposit boxes, depositories and depots,
26) trade in instruments on the money market (bill of exchange, checks, deposit certificates),
27) trade in foreign assets, including trade in precious metals,
28) trade in securities,
29) trade in financial derivatives,
30) asset and securities portfolio management on order and for the account of clients,
31) providing services of a custodian bank,
32) purchasing and selling, underwriting and placement of securities issue,
33) intermediation in sale of insurance policies,
34) intermediation in concluding credit and loan agreements,
35) processing and analyzing information on the legal entities' creditworthiness,
36) economic and financial consulting, and
37) other financial services specified by law allowed to be performed exclusively by a bank.

(2) A bank may not directly perform operations from the area of industry, trade, or other non-financial activities.

Article 8

Apart from the financial activities stipulated in Article 7 of this Law, the Postal Bank shall also perform the following activities:

- Compute and control payments through postal and telegraphic money orders in the inland payments system,
- Provide international money order, postal check, postal saving and redeem services,
- Collect securities in other countries, in compliance with the Securities Collection Act of the World Postal Association.

Article 9

(1) Republic of Macedonia holds a golden share in the Postal Bank

(2) In case of privatization of at least 51% of the capital of the "Macedonian Post Offices" Public enterprise, Republic of Macedonia shall retain the right arising from the golden share for a period of 12 months after the privatization.

(3) The golden share shall provide a dominant voting right to the Government of the Republic of Macedonia on the following issues:

3) change of ownership in the Postal Bank,
4) merger, division and cessation of the operations of the Postal Bank,
5) quotation of the shares of the Postal Bank on the Stock Exchange,
6) assuming liabilities for the account of the Postal Bank exceeding 10% of the Postal Bank's own funds,
7) establishing units of the Postal Bank abroad,
8) investments abroad, and
9) investment policy of the Postal Bank.

Article 10

1) As for a deposit of natural person, the bank shall issue a document unambiguously stating that it is a deposit of a natural person indicating their personal data.
2) The bank shall keep records on each payment in and out of the deposit account and, at the request by the client, issue document recording all payments in and out in the requested period.

Article 11

The bank shall display the copies of the Governor's decision on granting a license for founding and operating a bank, the interest rates in effect, the general terms and conditions for operating with deposits of natural persons and the type and the amount of guarantee for the deposits of natural persons, on a noticeable place in its tellers' premises.

III. BANK FOUNDING

(1) Form

Article 12

A bank shall be established as a joint stock company with a head office in the Republic of Macedonia.

(2) Shareholders

Article 13

1) A bank shareholder may become domestic and foreign legal entity and natural person.
2) A shareholder with qualified holding in a bank may not become a person, or legal entity controlled by a person:
   (4) sentenced to imprisonment for crime in the area of finances and banking,
   (5) who was imposed a misdemeanor sanction i.e. ban on performing a profession, activity or duty,[1]

[1] Article 13 paragraph 2 item 1 is abolished with Decision of the Constitutional Court of the Republic of Macedonia no.182/2007 dated 09.07.2008 (Official Gazette of Republic of Macedonia no.88/2008).

(6) against whom a bankruptcy proceeding has been initiated,
(7) who does not enjoy any reputation, thus compromising the safe and sound operations of the bank, and
(8) who fails to comply with the provisions of this Law and the regulations adopted on the basis of this law and/or failed or has failed to implement and/or acted or has been acting contrary to the measures imposed by the Governor, that compromised or have been compromising the safety and soundness of the bank and its creditors.

(3) Initial capital

Article 14

(5) A bank shall be established with initial capital of Denar 310,000,000,
(6) The initial capital under paragraph 1 of this Article and all subsequent increases in the initial capital shall be solely in the form of money and paid-in outright. The initial capital paid-in outright shall be registered in the Trade Registry as a core principal.
(7) The bank shall maintain the value of the initial capital under paragraph 1 of this Article.
(8) The requirement under the Trade Company Law for mandatory indication of the amount of the core principal in the memorandum shall not apply to banks.

(4) Preference shares

Article 15

1) The total nominal amount of preference shares without voting right in a bank may not exceed 10% of the total nominal amount of the bank's total shares.
2) The provision of the Trade Company Law shall not apply to banks in instances when the preference shares without voting right vest a voting right.

(5) Founding and operating license

Article 16

The Governor shall issue a license for founding and operating a bank.

Article 17[2]

(1) Persons who intend to found a bank shall submit an application to the National Bank for issuing a license for founding and operating a bank. The application for issuing a license shall comprise the following documents, data and information:
    1) draft articles of incorporation,
    2) strategic and operational plan of the bank including projection of the financial statements for the following five years,
    3) draft name of the bank,
    4) amount of the initial capital and statement that it will be paid in,
    5) sources of funds for payment of the initial capital,
    6) certificate from competent institution for regular payment of the public duties,
    7) identity of the persons who intend to found a bank and the number of shares held by each of them,
    8) evidence for the financial standing of the persons who intend to found a bank,
    9) identity, education, experience and professional background of the nominated members of the Supervisory Board and the Board of Directors,
    10) organizational structure of the bank,
    11) internal control and risk management systems,
    12) financial activities performed by the bank,
    13) evidences related to Article 13 of this Law, and
    14) information system and technical equipment of the bank.

(1) The legal entities that intend to obtain qualified holding in a bank, except for the

[2] Article 17 paragraph 1 item 6 is abolished with Decision of the Constitutional Court of the Republic of Macedonia no.229/2007 dated 10.09.2008 (Official Gazette of Republic of Macedonia no.118/2008).

documents, data and information under paragraph 1 of this Article, shall also enclose the following with the application:

(1) certificate from the registry of the head office of the legal entity,
(2) articles of incorporation and list of members of the management bodies of the legal entity,
(3) list of individuals, with direct or indirect ownership of more than 10% of the shares, i.e. stakes in the legal entity and
(4) list of legal entities with direct or indirect ownership of more than 10% of the shares, i.e. stakes in the legal entity, including financial statements for the last three years.

1) Foreign bank and/or foreign entity with participation in a foreign bank, that intend to acquire control in the bank, in addition to the documents, data and information under paragraphs 1 and 2 of this Article, shall also support the application for founding and operating license with the following:
    1) certificate from the registry of the head office of the foreign bank and/or foreign person who has a participation in a foreign bank,
    2) proof that the foreign bank is authorized to collect deposits and other repayable sources of funds in the country of registration of the bank's head office,
    3) opinion of the competent authorities in the country in which the head office of the foreign bank is registered related to the acquiring control in the bank, and
    4) evidence that the competent authority of the foreign bank exercises adequate supervision on consolidated basis, at least in a method and volume specified by this law.
2) In addition to those stated under paragraphs 1, 2 and 3 of this Article, the Governor may require additional documents, data and information and conduct an interview with the nominated members of the Board of Directors and the Supervisory Board and with the individuals intending to acquire qualified holding in the bank.
3) The type and the method of communicating the documents, data and information under 1, 2 and 3 of this Article and the method and procedure for their evaluation shall be prescribed in detail by the National Bank Council.

Article 18

(3) The Governor shall adopt a decision on issuing a temporary license or rejecting the application under Article 17 of this law within 90 days after the date of submitting the application. The 90-day period shall not include the periods set by the Governor for completing the submitted application and the period from submitting a request by the Governor to competent domestic and foreign authorities and institutions for obtaining documents, data and information required for the decision making on the application, with the period from the date of submitting the application to the date of the decision making by the Governor, not exceeding 180 days.

(4) The Governor shall reject the application under Article 17 of this Law if:
    9) the application does not contain the complete documentation,
    10) the application contains incorrect, or false data,
    11) according to Article 13 of this Law, the person referred to in Article 17 of this Law may not be shareholder,
    12) the available data and information indicate that as a result of the legal or financial standing, i.e. the method of its operating, or the nature of the activities of the person referred to in Article 17 of this Law, and or persons connected thereto, indicate high-risk tendency, which may compromise the safety, soundness and the reputation of the bank, i.e. its operations in accordance with the regulations,
    13) the financial and the economic standing of the person under Article 17 of this Law does not correspond with the value of the shares they intend to acquire,
    14) the initial capital is lower than that stipulated in Article 14 paragraphs 1 of this Law,
    15) there is a reasonable ground to doubt the legitimacy of the origin of the funds, the reputation, or the true identity of the persons under Article 17 of this Law and /or

persons connected thereto,

16) the submitted documents, data and information under Article 17 paragraphs 1, 2, 3 and 4 of this Law indicate that the bank will not operate in safe, sound manner and in line with the regulations, i.e. will not be managed in a manner that would provide safety of the entrusted funds,
17) close links might hinder the performance of efficient supervision,
18) the members nominated to the Supervisory Board and the Board of Directors fail to fulfill the criteria required for their appointment,
19) considers that the acquisition of shares by the person under Article 17 of this Law brings about undesired development of the financial system, or
20) failure to fulfill other requirements for granting a founding and operating license,

(5) In the decision making, defined by paragraph 1 of this Article, the Governor shall decide on whether the bank will be organized and capable to operate in accordance with the regulations, the set supervisory standards and transparency and safety principles, whether the bank meets the corporate governance and risk management standards, assess the qualification, experience and the reputation of the nominated members of the Supervisory Board, the Board of Directors and persons referred to in Article 17 of this law, the feasibility of the strategic and operational plan and the financial statements projection.

(6) Should the Governor reject the application due to the existence of the grounds referred to in paragraph 2, item 7 of this Article, they shall forthwith inform the Anti-Money Laundering and Combating the Financing of Terrorism Office thereon.

(5) The National Bank Council shall set the method of determining connected persons.

Article 19

The temporary license shall include the requirements to be met by the bank in order to obtain a founding and operating license, as follows:

(5) payment of the initial capital,
(6) development of a statute,
(7) list of nominees with special rights and responsibilities, other than for the members of the Supervisory Board and the Board of Directors, including information on their identity, education, experience and professional background,
(8) employment plan including the qualification structure and training of the bank's staff,
(9) leasing or purchasing business premises and equipment and establishing an operation system,
(10) development of bank's written operating policies and procedures, and
(11) engagement of an audit company.

Article 20

(4) The bank shall meet the requirements specified under Article 19 of this Law within 180 days upon the issuance of the temporary license, and shall submit written evidence to the National Bank.

(5) The Governor shall, on the basis of the assessment of the bank's compliance with the requirements indicated in the temporary license, decide with a Decision on issuing a license for founding and operating a bank or rejecting the application under Article 17 of this Law within 60 days after the date of submission of the written evidence under paragraph 1 of this Article. The 60-day period shall not include the periods set by the Governor for completing the evidence and the period from submitting a request by the Governor to competent domestic and foreign authorities and institutions for obtaining documents and information required for the decision making, with the period from the date of submitting the evidence to the date of the decision making by the Governor, not exceeding 90 days.

(6) In the decision making under paragraph 2 of this Article, the Governor shall decide on whether the bank will be organized and capable to operate according to the regulations, the set supervisory standards and transparency and safety principles, whether the bank meets the corporate governance and risk management standards, assess the qualification, experience and reputation of the nominated members of the Supervisory Board, Board of Directors and the persons under Article 17 of this law and the feasibility of the strategic and operational plan and the projection of

the financial statements.

(7) In the decision making under paragraph 2 of this Article, the Governor shall decide on whether the bank still fulfills the requirements underlying the issuance of the temporary license, by requiring new evidence, documents and information.

(8) The decision on granting a founding and operating license under paragraph 2 of this Article shall contain:
   (4) name and head office of the bank,
   (5) name, surname and address of natural persons, i.e. name and head office of legal entities that subscribed and paid-in shares, including the nominal amount and the number of subscribed and paid-in shares,
   (6) amount of the bank's initial capital,
   (7) financial activities the bank may perform, and
   (8) consent on the bank's status.

(9) Any change in the light of paragraph 5 of this Article shall be an integral part of the decision.

(10) The bank shall not perform financial activities that are not indicated in the decision under paragraph 5 of this Article.

Article 21

(3) Statute of a bank shall be adopted within 30 days from the date of receiving the decision on issuing a founding and operating license referred to in Article 20 paragraph 2 of this Law.

(4) The bank shall start operating within 90 days after the adoption of the decision on issuing a founding and operating license referred to in Article 20 paragraph 2 of this law.

(6) License for status changes

Article 22

(1) The bank shall submit an application to the National Bank for obtaining a license for status changes.

(2) The National Bank Council shall determine the documentation, procedure and the criteria for obtaining a license for status changes of a bank.

(5) The Governor shall adopt a decision on issuing a license or rejecting the application under paragraph 1 of this Article within 90 days after the date of submission of the application. The 90-day period shall not include the periods set by the Governor for completing the submitted application and the period from submitting a request by the Governor to competent domestic and foreign authorities and institutions for obtaining documents and information required for the decision making on the application, with the period from the date of submitting the application to the date of the decision making by the Governor, not exceeding 180 days.

(6) Only banks founded and with head office in the Republic of Macedonia may make status changes of merger, acquisition and division.

(7) The provisions of the Trade Company Law that refer to reporting to creditors shall not apply to the procedure for status change in a bank.

Article 23

The bank shall make a decision on status changes within 45 days from the date of obtaining the decision on issuing a license under Article 22 paragraph 3 of this Law.

(7) Registering in the Trade Registry

Article 24

4) The bank shall acquire a status of legal entity by registering in the Trade Registry maintained with the Central Registry.

5) An application for registering in the Trade Registry shall be filed within 15 days from the date of adopting the statute referred to in Article 21 paragraph 1 of this Law.

6) The following shall be enclosed with the application for registering in the Trade Registry:
   (6) bank Statute,
   (7) Decision on issuing a license for founding and operating a bank,

(8) evidence that the funds for the initial capital have been paid in on an interim account with the institution responsible for conducting payment operations, i.e. evidence that the foreign person has paid-in the foreign assets on a special account with the National Bank, and
(9) other documents as specified by the regulations governing the registration in the registry.

7) In the case of increasing the initial capital, the bank shall submit a revised text of the statute to the Central Registry, within 8 days after the adoption of a decision on amending the statute by the bank's General Meeting of Shareholders.
8) The units of the bank shall also be registered in the Trade Registry as defined by the regulations governing the registration in the Trade Registry.

Article 25

The bank shall file an application for registering a status change in the Trade Registry within 15 days from the date of adopting the decision of Article 23 of this law.

Article 26

The bank shall submit a copy of the decision on registration along with the documentation submitted for registering in the Central Registry to the National Bank within 15 days after the registration of the incorporation or the status change of the bank in the Trade Registry.

8. Publishing

Article 27

The National Bank shall publish the following at its web site:

6) a list of banks compulsorily containing the name and head office of the bank and data on shareholders with qualified holding, members of the bank's Supervisory Board and Board of Directors,
7) list of branches of banks from member states of the European Union compulsorily containing name and head office of the branch and of the bank that opened it and data on persons with special rights and responsibilities in the branch, and
8) list of branches of foreign banks compulsorily containing name and head office of the branch and of the bank that opened it and data on the persons with special rights and responsibilities in the branch.

IV. BRANCHES OF BANKS FROM EUROPEAN UNION MEMBER STATES

1. Right of performing financial activities

Article 28

(3) Bank from European Union member-state may, through its branch in the Republic of Macedonia, perform the financial activities listed under Article 7 of this law, authorized to perform in the home country.
(4) The provisions of this and other law and bylaws adopted on the basis of such laws shall apply to the operations of the bank under paragraph 1 of this Article through its branch in the Republic of Macedonia, referring to the following:
    1. implementation of the monetary policy measures,
    2. obligation for submitting reports on the branch to the National Bank required for conducting monetary policy, monitoring the liquidity and on the branch's activities for statistical purposes,
    3. obligation for submitting and disclosing the annual financial statements under paragraphs 1 and 3 of Article 110 of this Law,
    4. banking secrecy,
    5. prevention of money laundering and financing terrorism, and
    6. consumer protection.
(5) In the legal operations on the territory of the Republic of Macedonia, the branch of a bank from the European Union member-state shall act on behalf and for the account of the bank

from the European Union member-state, shall be entitled to acquire rights and assume liabilities and shall be entitled to be treated at courts and other authorities of the Republic of Macedonia under the terms that apply to banks incorporated under this law.

(6) The bank from the European Union member-state shall be held liable with all its property regarding the liabilities of its branch arisen in the Republic of Macedonia.

Article 29

The deposits of the branch of a bank from European Union member-state shall be included in the deposit guarantee scheme of the home country.

2. Commencement of operations

Article 30

(6) A bank from European Union member-state may start operating in the Republic of Macedonia through a branch after the expiration of 2 months after the date the National Bank receives a notification from the competent authority of the home country that includes the following:
   (4) plan of activities of the branch which, inter alia, contains information on banking and other financial activities which will be performed and on the organizational structure of the branch,
   (5) data on persons with special rights and responsibilities in the branch,
   (6) address of the branch where one could get the documentation for the branch,
   (7) amount of own funds of the bank and bank's capital adequacy ratio,
   (8) comprehensive description of the deposit guarantee scheme in the home country unambiguously showing that the deposits of the branch in the Republic of Macedonia are guaranteed, and
   (9) financial activities the bank is authorized to perform.

(7) Within a period of 2 months after receiving the notification under paragraph 1 of this Article, the National Bank may set terms under which the bank from European Union member-state may perform financial activities in the Republic of Macedonia through a branch, and shall notify the bank and the competent authority of the home country thereon.

(8) After receiving the notification under paragraph 2 of this Article or, if the National Bank fails to submit such notification, after the expiration of the period under paragraph 1 of this Article, the bank from European Union member-state may register the branch in the Trade Registry as specified by the provisions of the Trade Company Law that concerns the procedure for registering foreign company subsidiary. After being registered in the Trade Registry, the branch of the bank from European Union member-state may start performing the assigned financial activities.

(9) The bank from European Union member-state shall notify the National Bank on each intention to change the data indicated in the notification under paragraph 1 items 1, 2, 3, 5 and 6 of this Article, at least one month prior to the change.

Article 31

All branches of a same bank from European Union member-state in the Republic of Macedonia shall be considered one branch.

Article 32

The bank from European Union member-state shall maintain all financial statements and other documentation for its operations in the Republic of Macedonia, in Macedonian and shall keep them centralized in its first opened branch in the Republic of Macedonia.

3. Supervision

Article 33

(5) The competent authority of the home country or its authorized persons may conduct on-site supervision of branch of the bank originating from that member state, and notify the National Bank thereon in advance.

(6) In the supervision referred to in paragraph 1 of this Article the competent authority of the home country or its authorized persons shall have the responsibilities of the National Bank stated under Article 116 and 117 of this law.
(7) On request of the competent authority of the home country, the National Bank shall take part in or conduct on-site supervision of the branch of the bank from such country in the Republic of Macedonia.

Article 34

As an exception to provisions of Article 33 of this law, the National Bank shall perform supervision of branch of bank from European Union member-state opened in the Republic of Macedonia as specified by Articles 116 and 117 of this law in order to determine whether the branch observes the provisions of Article 28 paragraph 2 of this law and undertakes measures in conformity with this law.

Article 35

The competent authority of the home country and the National Bank shall cooperate and exchange information for the purposes of efficient supervision and monitoring of the operations of the bank from European Union member-state which opened a branch in the Republic of Macedonia.

4. Measures against bank and branch of a bank from European Union member-state

Article 36

(5) If the bank from a European Union member-state, through its branch in the Republic of Macedonia, acts contrary to Article 28 paragraph 2 of this law, the Governor of the National Bank shall adopt a decision requiring from the bank to address the illegitimacies within a specified period.
(6) If the bank from a European Union member-state acts contrary to the decision under paragraph 1 of this Article, the National Bank shall inform the competent authority of the home country which is to undertake measures against the bank and notify the National Bank on the type of undertaken measures.
(7) If after receiving the notification under paragraph 2 of this Article the competent authority of the home country fails to undertake measures against the bank or, in spite of the undertaken measures, the bank from the European Union member-state still fails to address the illegitimacies, the Governor shall adopt a decision undertaking measures for preventing the illegitimacies or prohibit the bank from performing financial activities through the branch in the Republic of Macedonia.
(8) Before undertaking the measures listed under paragraph 3 of this Article, the National Bank shall notify the competent authority of the home country on the type of measures and the reasons for undertaking such measures.
(9) As an exception to paragraphs 2 and 4 of this Article, and in order to protect the interests of the depositors, the National Bank may, without previously notifying the competent authority of the home country, undertake measures against the bank from the European Union member-state for preventing the illegitimacies or prohibiting the performance of financial activities in the Republic of Macedonia.
(10) The National Bank shall, as soon as possible, notify the competent authority of the home country on the case stated under paragraph 5 of this Article.
(11) If the National Bank considers that reorganization measures should be undertaken against a branch as a part of a bank from the European Union member-state, it shall notify the competent authority of the home country thereon.

5. Reorganization measures

Article 37

(3) An excerpt of the decision shall be published in the Official Gazette of the European Union and in at least two daily newspapers in the Republic of Macedonia in the event of reorganization of a bank from the European Union member-state, including its branch in the Republic of Macedonia.

(4) The reorganization measures shall become effective in the Republic of Macedonia once they become effective in the home country.
(5) The reorganization measures in the Republic of Macedonia shall apply in conformity with the regulations and procedures applicable in the home country, other than in the cases stated under Article 41 of this law.

Article 38

3) The competent authority of the home country shall notify the National Bank on the intention to undertake reorganization measures prior to the adoption of the decision on undertaking bank reorganization measures, and unless possible, immediately after the adoption of the decision.
4) Provisions of Article 42 of this law, shall respectively apply to the notification, recognition and reporting of claims.

6. Bankruptcy and liquidation

Article 39

(4) The competent authority of the home country shall be the exclusively authorized to make decision on opening a bankruptcy or liquidation procedure against a bank, including its branches in the Republic of Macedonia.
(5) The decision on opening bankruptcy or liquidation procedure made by the competent authorities of the home country shall become effective in the Republic of Macedonia on the date it becomes effective in the home country.
(6) The bankruptcy or liquidation procedure shall be conducted as defined by the regulations of the home country, except for the cases under Article 43 of this law.

Article 40

(3) The competent authority of the home country shall notify the National Bank on the intention to make a decision on opening bankruptcy or liquidation procedure prior to the adoption of the decision on opening bankruptcy or liquidation procedure against a bank, including its branches in the Republic of Macedonia, or unless possible, immediately after the adoption of the decision.
(4) An excerpt of the decision under paragraph 1 of this Article shall be published in the Official Gazette of the European Union and in at least two daily newspapers in the Republic of Macedonia.

Article 41

(7) The persons assigned to conduct the bankruptcy or liquidation procedure may undertake activities in the Republic of Macedonia on the basis of the decision on their appointment (designation) issued by the competent authority of the home country and Macedonian translation of such decision verified by a notary in the Republic of Macedonia.
(8) Persons under paragraph 1 of this Article may, in the Republic of Macedonia, perform all activities they are authorized to perform by the regulations of the home country.

Article 42

(3) Provided that the regulations in the home country require compulsory reporting of claims for the purposes of their recognition, the persons in charge of conducting the bankruptcy or liquidation procedure shall notify, immediately after the beginning of the procedure, each recognized creditor having a head office or residence in the Republic of Macedonia.
(4) Creditors having head office or residence in the Republic of Macedonia shall have the same rights and treatment in the bankruptcy or liquidation procedure as the creditors with head office or residence in the home country.

Article 43

The regulations of the state of registration of the rights of objects shall accordingly apply to the right of objects registered in the Registry or other centralized registry system at the moment of opening the bankruptcy or liquidation procedure.

Article 44

Provided that the competent authority of the home country revoke the license of the bank for performing financial activities, the National Bank shall prohibit the branch of such bank in the Republic of Macedonia to perform activities.

7. Membership in professional associations

Article 45

Banks from European Union member-states that have branches in the Republic of Macedonia may be members of the professional associations in the Republic of Macedonia enjoying rights and obligations that apply to the banks from the Republic of Macedonia.

V. FOREIGN BANK BRANCHES

1. Right of performing financial activities

Article 46

(1) Foreign bank may, through its branch in the Republic of Macedonia, perform the financial activities listed under Article 7 of this law, authorized to perform in the country of its head office.
(2) The branch of a foreign bank shall abide by the laws of the Republic of Macedonia.
(3) In the legal operations on the territory of the Republic of Macedonia, the foreign bank branch shall act on behalf of and for the account of the bank, shall be entitled to acquire rights and assume liabilities and be treated at courts and other bodies of the Republic of Macedonia under the terms that apply to banks incorporated under this law.
(4) Foreign bank with a branch in the Republic of Macedonia shall be held liable with all its property regarding the liabilities of its branch incurred in the Republic of Macedonia.
(5) Foreign bank branch shall place funds in the Republic of Macedonia in the amount of at least 20% of the collected deposits of residents in the Republic of Macedonia. The deposit referred to in Article 48 paragraph 2 of this law shall not be included in the amount of funds placed in the Republic of Macedonia.
(6) The funds of the branch may be used for repayment of liabilities of the foreign banks incurred outside the Republic of Macedonia, only after settling the liabilities arising from the operations of the branch in the Republic of Macedonia.
(7) All branches of a same foreign bank opened in the Republic of Macedonia shall be deemed as a single branch for purposes of asset maintenance requirement, as specified by Article 48 paragrap2 of this law.
(8) At least two persons, having acquired prior consent by the Governor, shall manage the bank’s branch, and at least one of them shall have to be fluent in Macedonian language and it Cyrillic alphabet, and have permanent residence in the Republic of Macedonia. Persons managing the branch shall have to meet the requirements for a member of the Management Board stipulated by this Law.

2. Opening a foreign bank branch

Article 47

(1) Foreign bank may open a branch in the Republic of Macedonia upon previously obtained license for opening and operating a branch by the Governor.
(2) Regarding the obtaining of license to open and operate a branch, the foreign bank shall submit a application to the National Bank, enclosing the following:

1. authorization of a competent authority of the country of registration of the foreign bank's head office, indicating the financial activities the bank is authorized to perform,
2. authorization of the supervisory authority of the country of registration of the head office of the foreign bank for opening a branch in the Republic of Macedonia or a statement indicating no objection to the opening of a branch in the Republic of Macedonia,
3. bank's Articles of Association or other appropriate act as specified by the regulations of the country of registration of the head office of the parent bank,

4. list of shareholders of the foreign bank holding over 5% of the bank's shares,
5. data on the members of the foreign bank's management and supervisory bodies and on identity, professional experience and qualifications (education) of the persons nominated to manage the branch,
6. audited audit reports on the foreign bank for the last three years,
7. data on the anti-money laundering system of the foreign bank,
8. evidence that the foreign bank was assigned at least BBB rating according to the rating of Standard & Poor's, Fitch IBCA or Thompson Bank Watch or Baa2 according to the Moody's rating,
9. branch's plan of activities including banking and other financial activities that are to be performed by the branch,
10. evidence that the funds have been paid-in on the National Bank account, and
11. evidence that the supervisory body of the country of registration of the head office of the foreign bank exercises adequate supervision on consolidated basis, at least in a method and volume specified by this law.

(3) The Governor shall adopt a decision on issuing a license for opening and operating a branch of a foreign bank or on rejecting the application under paragraph 2 of this Article within at least 30 days from the day of submitting the documentation.
(4) The Governor shall reject the application under paragraph 2 of this Article in the cases referred to in Article 18 paragraph 2 items 1, 2 and 3 and paragraph 3 and Article92 of this Law.
(5) The Governor shall also reject the application under paragraph 2 of this Article if considered that due to the regulations in the country of registration of the head office of the foreign bank or due to the method of enforcing such regulations, there is no possibility of efficient cooperation and exchange of information between the National Bank and the supervisory authority of the country of registration of the head office of the foreign bank or that the conduct of supervision, as required by this law, will be impeded.
(6) The foreign bank shall give written notice to the National bank immediately on any change in the data enclosed in the application referred to in paragraph 2 of this Article.
(7) The foreign bank may additionally open another branch in the Republic of Macedonia only if it submits a written notice to the National Bank and to the Trade Registry maintained at the Central Registry, of the competent authority of the country of registration of the foreign bank, that there are no impediments for opening a branch.

2. Branch's assets

Article 48

(1) The foreign bank branch shall hold monetary assets in the amount of at least Denar 120,000,000. The funds will be paid in by the foreign bank to a special account of the National Bank prior to the issuance of the license for opening and operating the branch. Once the branch is registered in the Trade Registry, the funds shall be transferred to one or more deposit account of the branch at banks having a main office in the Republic of Macedonia.
(2) The foreign bank shall keep the deposit under paragraph 1 of this Article at the level of at least 5% of the total deposits of the branch in the Republic of Macedonia, but not below Denar 120,000,000, depending on which is the higher. The total deposits shall not include the deposits of the foreign bank that opened the branch.
(3) The deposit under paragraph 2 of this Article shall be treated as own funds of a branch and shall not be subject to encumbrance and interest calculation by the foreign bank that opened the branch.
(4) The foreign bank may withdraw a portion of the deposit only if the amount is higher than the one referred to in paragraph 2 of this Article, upon prior approval by the Governor.

3. Accounting records

Article 49

Foreign bank shall keep the accounting records, financial statements and other documentation for the branch's operations in the Republic of Macedonia, in Macedonian.

4. Revocation of opening and operating license

Article 50

(1) The Governor shall revoke the license for opening and operating a branch of a foreign bank in the following cases:

1. the competent authority revoked the authorization for the provision of banking services of the foreign bank that opened a branch, or bankruptcy or liquidation procedure has been instituted against the foreign bank that opened the branch,
2. the foreign bank makes a decision to cease the operations of the branch,
3. the branch ceases meeting its liabilities deriving from the insurance deposits,
4. the foreign bank branch ceases meeting the requirements and criteria underlying the issuance of the license,
5. the deposit drops below the amount as set by Article 48 paragraph 2 of this law, or
6. in the cases referred to in Article 154 paragraph 1 items 1, 4, 7, 9, 11, 12 and 14 of this Law.

(2) The provisions of this Law concerning the bank liquidation and bankruptcy and the provisions of the Bankruptcy Law regulating the bankruptcy proceedings with foreign element shall respectively apply in the case of revocation of the license for opening and operating a foreign bank branch.

(3) The deposit under Article 48 paragraph 2 of this law may be transferred from the deposit accounts only for payment to the foreign bank branch's creditors in the case of initiated bankruptcy or liquidation procedures against the branch.

5. Notifications and cooperation

Article 51

(1) The persons who manage the foreign bank branch and the foreign bank shall notify the National Bank forthwith, if a procedure for imposing measures by a competent authority has been instituted against the foreign bank or any of its subsidiaries or branches.

(2) The Governor shall notify the competent authority of the country of registration of the head office of the foreign bank on the revocation of the license for opening and operating a foreign bank branch, and if possible, prior to the adoption of the decision on revoking the opening and operating license. The notification shall also include the legal consequences from the revocation of the opening and operating license.

(3) The foreign bank shall give written notification to the National Bank at least one month prior to the date of adoption of the decision on cessation of the branch's operations in the Republic of Macedonia.

Article 52

The competent authorities of the country of registration of the head office of the foreign bank that opened a branch in the Republic of Macedonia and the National Bank shall cooperate and exchange information for the purpose of efficient supervision and monitoring the operations of the foreign bank and its branch in the Republic of Macedonia.

6. Application of the provisions of this law

Article 53

(1) The provisions of this law concerning the supervisory standards, the Board of Directors, reports, accounting and audit, banking secret, supervision, inspection and measures, other than measures for recapitalization and administration, bank bankruptcy, bank liquidation and penalty provisions shall respectively apply to a foreign bank branch.

(2) The National Bank Council may specify in detail the application of the provisions of paragraph 1 of this Article to foreign bank branch.

7. Deposit insurance

Article 54

The deposits in the foreign bank branch shall be insured in the Deposit Insurance Funds of the Republic of Macedonia under the same terms as deposits of the banks having its main office in the Republic of Macedonia.

8. Membership in professional associations

Article 55

Foreign banks having branches in the Republic of Macedonia may be members of professional associations in the Republic of Macedonia, having equal rights and obligations as the banks having a head office in the Republic of Macedonia.

VI. BRANCHES OF BANKS FROM THE REPUBLIC OF MACEDONIA IN FOREIGN COUNTRIES

Article 56

(1) A bank having its head office in the Republic of Macedonia, which intends to open a branch abroad, shall obtain an authorization from the National Bank.

(2) The branch of banks having their head office in the Republic of Macedonia may only provide such banking and other financial services, assigned to the bank by the Governor.

(3) The bank shall submit an application to the National Bank for obtaining a branch abroad, including the following information:

1. the country in which it intends to open a branch,
2. a plan of activities, including, amongst other things, the activities to be performed by the branch and the structural organization of the branch,
3. the address of the branch, and
4. the identity of the persons nominated to manage the branch.

(4) The management of the branch shall be entrusted to at least two persons who meet the requirements of Article 17 of this law that apply to members of the Board of Directors of a bank having a head office in the Republic of Macedonia.

(5) The Governor shall reject the application under paragraph 3 of this Article if there are reasons that may adversely affect the financial standing of the bank or if considered that, based on the regulations of the country the branch is intended to be opened and the method of enforcing such regulations, there will not be an adequate cooperation and exchange of information between the National Bank and the supervisory authority of the country the branch is intended to be opened and that the conduct of supervision, as required by this law, will be impeded.

(6) The bank shall notify the Governor on any change in the information specified in paragraph 3 of this Article at least one month before the changes are made.

VII. APPROVALS AND NOTIFICATIONS OF THE NATIONAL BANK

1. Approvals for a bank

Article 57

(1) The bank shall file an application and obtain a prior approval from the Governor for the following:

(4) amendment to the bank's Statute,
(5) commencement of the performance of activities stated under Article 7 paragraph 1 items 5, 8, 9, 13, 14, 15, 16, 17, 18 and 23 of this Law,
(6) appointment of Supervisory Board members,
(7) appointment of members of the Board of Directors,
(8) founding a subsidiary, branch, bank’s representative office abroad or acquiring equity holdings in a bank,
(9) establishing or acquiring equity holdings, directly or indirectly, in a non-banking financial institution or non-financial institution worth more than 10% of the bank's own funds,
(10) opening a representative office of a foreign bank,
(11) change in the name and address of the bank, and
(12) termination of the bank's operations in the case referred to in Article 168, paragraph 1, item 1 of this Law.

(2) The National Bank Council shall determine the type of documentation for obtaining the approval under paragraph 1 items 1, 2, 5, 6, 7 and 8 of this Article and the method of its submission, and the requirements and the procedure for issuing the approval under paragraph 1 items 1, 2, 5, 6, 7 and 8 of this Article.

(3) The provisions of Articles 17, paragraphs 4 and 5, Article 118 paragraph 2, items 1, 2, 4, 9 and 10, Articles 83, 88 and 92 of this Law shall respectively apply to paragraph 1 items 3 and 4 of this Article.
(4) The Governor shall adopt a decision on issuing an approval or rejecting the application for issuing an approval under paragraph 1, items 1, 6, 7 and 8 of this Article within 30 days after the date of submission of the application. The 30-day period shall not include the periods set by the Governor for completing the submitted application and the period from submitting a request by the Governor to competent domestic and foreign bodies and institutions for obtaining documents and information required for the decision making on the application, with the period from the date of submitting the application to the date of the decision making by the Governor, not exceeding 60 days.
(5) The Governor shall adopt a decision on issuing an approval or rejecting the application for issuing an approval under paragraph 1, items 2, 3, 4, 5 and 9 of this Article within 60 days after the date of submission of the application. The 60-day period shall not include the periods set by the Governor for completing the submitted application and the period from submitting a request by the Governor to competent domestic and foreign bodies and institutions for obtaining documents and information required for the decision making on the application, with the period from the date of submitting the application to the date of the decision making by the Governor, not exceeding 120 days.

Article 58

(1) Own funds exceeding Denar 560,000,000 shall be required for conducting the activities under Article 7 paragraph 1 items 3, 13, 14, 15, 16, 17 and 18 of this law, except for domestic trade in securities.
(2) The Governor may issue an approval for conducting the activities under Article 57 paragraph 1 item 2 of this Law based on a previously issued license, approval or opinion of a competent authority, i.e. institution, provided that the license, approval or the opinion are required by other law.

2. Approvals of shareholders

Article 59

(1) Any person who intends to acquire, directly or indirectly, gradually or immediately, shares in the total cumulative nominal amount of and over 5%, 10%, 20%, 33%, 50% or 75% of the total number of shares, i.e. the total number of issued bank's voting shares, irrespective of whether it has acquired the shares alone or together with other connected persons, directly or indirectly, shall submit an application to the National Bank for obtaining a prior approval.
(2) As an exception to paragraph 1 of this Article, any person who, on the basis of a decision of a competent authority as defined by law, acquired, gradually or immediately, shares in the total cumulative nominal amount of and over 5%, 10%, 20%, 33%, 50% or 75% of the total number of shares in a bank, i.e. the total number of issued bank's voting shares, irrespective of whether it has acquired the shares alone or together with other connected persons, directly or indirectly, shall submit an application to the National Bank for obtaining an approval for such change within 10 days after the effectiveness of the Decision.
(3) In the cases of paragraph 1 of this Article, the banks and the brokerage houses shall not execute a purchase order, i.e. transaction in bank's shares for which no approval of the Governor has been presented.
(4) The transaction for acquiring such shares shall be executed within 180 days after the date of obtaining the approval of the Governor. After the expiration of this period, a procedure shall be initiated for obtaining a new approval.
(5) The provisions of Article 17 paragraph 1 items 5, 6, 7, 8 and 13, paragraphs 2, 3, 4 and 5 and Article 18, paragraph 3 of this Law shall respectively apply to the documents and the information enclosed with the application referred to in paragraphs 1 and 2 of this Article and the procedure for their assessment.
(6) The Governor shall reject the application referred to in paragraphs 1 and 2 of this Article provided that:

(8) the application does not contain the complete documentation,
(9) the application contains incorrect or false data,
(10) the person is not eligible to be a shareholder according to Article 13 of this Law,
(11) the available data and information indicate that as a result of the legal and financial position, i.e. the method of operations or the nature of activities performed by such person, and/or persons connected thereto, there is a high risk tendency, thus compromising the soundness, safety and reputation of the bank, i.e. its operations in accordance with the regulations,
(12) the financial and the economic standing of such person does not correspond with the value of shares they intend to acquire,
(13) there is a reasonable ground to doubt about the legitimacy of the origin of the funds, the integrity or the true identity of such person, and/or persons connected thereto,
(14) close links for the purposes of this law may impede the conduct of efficient supervision, and/or
(15) considers that the acquisition of shares shall bring about undesired development of the financial system.

(7) The Governor shall also reject the application referred to in paragraphs 1 and 2 of this Article submitted by a foreign person, provided that the regulations and practices of the country of origin of the foreign person indicate that the supervisory function will be hindered and disabled.

(8) The Governor shall adopt a decision on issuing an approval or rejecting the application under paragraphs 1 and 2 of this Article within 30 days after the date of submission of the application. The 30-day period shall not include the periods set by the Governor for completing the submitted application and the period from submitting a request by the Governor to competent domestic and foreign bodies and institutions for obtaining documents and information required for the decision making on the application, with the period from the date of submitting the application to the date of the decision making by the Governor, not exceeding 90 days.

Article 60

The Governor shall immediately inform the Anti-Money Laundering and Combating the Financing of Terrorism Office on the decision under Article 59, paragraph 8 of this Law on rejecting the application, with respect to Article 59, paragraph 6, item 6 of this Law.

3. Notifications

Article 61

(4) The bank shall notify the National Bank on:
(5) increase in the initial capital of the bank, i.e. new issue of shares,
(6) change in the ownership structure of the shares,
(7) large exposure as defined by Article 72 paragraph 1 of this Law,
(8) establishing and abolishing parts of the bank in the country,
(9) abolishing bank’s subsidiary, branch, or representative office abroad,
(10) replacement of a person with special rights and responsibilities, except for a replacement of a member of the Supervisory Board and the Board of Directors,
(11) deteriorated financial standing of the shareholders with qualified holding, provided that the bank obtained, anyhow, such information,
(12) acquiring equity holdings, directly or indirectly, in a non-banking financial institution or in non-financial institution, less than 10% of the bank's own funds, and
(13) appointment of an acting member of bank’s Board of Directors from among the members of the bank’s Supervisory Board.

(5) The bank shall notify the National Bank on the activities under paragraph 1 items 1, 4, 5, 6, 7, 8 and 9 of this Article within 5 days from the date of adopting the decision on undertaking the activity, i.e. from the acquiring such information.

(3) The bank shall submit monthly reports to the National Bank on the changes under paragraph 1 items 2 and 3 of this Article, by the tenth day in the current month for the previous month.
(4) The bank shall submit quarterly reports to the National Bank on all large exposures.

Article 62

(3) Any shareholder with qualified holding in a bank who intends to reduce its holding, directly or indirectly, so that such holding in the total number of shares or the total number of issued voting shares in the a bank will drop below 5%, 10%, 20%, 33%, 50% or 75%, shall notify the National Bank at least a month prior to the reduction, on the following:
   (5) the total number of shares and the total number of issued voting shares in the bank they intend to sell,
   (6) the amount by which their holding in the initial capital will reduce,
   (7) the total number of shares and total number of issued voting shares in the bank they will hold after the reduction, and
   (8) the identity of the person who will acquire their shares in the bank, if known.

(2) The shareholders shall notify the National Bank on concluded agreements on associating the voting rights arising from the shares in the bank within 5 days after the agreement is being concluded.

VIII. SUPERVISORY STANDARDS

1. Solvency and capital adequacy

Article 63

(1) The bank shall dispose of an adequate level of own funds depending on the nature, the type, and the scope of financial activities and the level of risks arising from the conduct of such activities (capital adequacy).
(2) The bank shall operate in a manner that allows it permanently to be able to settle all its liabilities (solvency).

Article 64

(1) The capital adequacy ratio shall represent the own funds - to - risk weighted assets ratio.
(2) Bank's own funds shall not be below the amount of the initial capital prescribed by this Law.
(3) The National Bank Council shall define the methodology for calculating the bank's capital adequacy ratio, in accordance with the international standards.

Article 65

(1) The bank shall maintain capital adequacy ratio, which may not be below 8%.
(2) The Governor may prescribe a rate above the one stipulated under paragraph 1 of this Article, if necessary due to the nature, the type, and the scope of activities the bank carries out and the risks it is exposed to as a result of such activities.

(5) Risk management

Article 66

(1) The bank shall permanently manage the risks, adequately to the nature, the type and the scope of the financial activities it performs. The bank shall specify the criteria, the manner, and the methods of risk management, as well as the capital adequacy assessment, in accordance with its risk level, by the general acts and the internal procedures. The general acts and the internal procedures shall be in compliance with the regulations, the standards, and the rules in the banking area and the methodology prescribed by the National Bank Council.
(2) The general acts and the internal procedures referred to in paragraph 1 of this Article shall include all material risks the bank is exposed to in the performance of individual and of all types of financial activities, and particularly the following types of risks:

- liquidity risk,
- credit risk, including country risk and counterparty risk,
- interest rate risk, currency risk and other market risks,
- risk of concentration of bank's exposure,

- operational risk, including the information systems inadequacy risk, and
- risk arising from capital investments and investments in real estate.

Article 67

The bank shall maintain the exposure to certain types of risks within the limits specified by this Law.

Article 68

(1) For the purposes of proper risk management, the National Bank Council, in accordance with the international standards, shall prescribe:

1) Methodology for credit risk management and determining criteria for classification of on-balance sheet and off-balance sheet assets items by the risk degree,
2) Methodology for currency risk and other market risks management,
3) Methodology for liquidity risk management,
4) Methodology for bank's IT system security, and
5) Methodology for managing other types of risks the bank faces with.

(2) The Methodologies from paragraph 1 of this Article shall represent minimum requirements the bank has to fulfill.

Article 69

(1) For the purposes of protecting from potential or current losses arising from specific risk-bearing on-balance sheet and off-balance sheet assets items, the bank shall make value correction, i.e. allocate special reserve.

(2) The value correction and the amount of the special reserve shall be determined in a manner and amount as specified by a methodology developed by the National Bank Council.

3. Bank exposure

Article 70

(1) Bank's exposure to an entity and entities connected thereto shall include total on-balance sheet and off-balance sheet bank claims on such entity, investments in securities issued by such entity and capital investments in such entity.

(2) The bank is obliged to determine the bank's net-debtors as specified by a methodology developed by the National Bank Council.

Article 71

(1) Exposure to a single entity and entities connected thereto shall not exceed 25% of the bank's own funds.

(2) Exposure to a bank's subsidiary shall not exceed 10% of the bank’s own funds.

(3) Exposure to a shareholder with qualified holding in the bank, and entities connected thereto, shall not exceed 10% of the bank’s own funds.

(4) Exposure to a person with special rights and responsibilities, and persons connected thereto, shall not exceed 3% of the bank’s own funds.

(5) The total exposure to the entities/persons referred to in paragraphs 2, 3 and 4 of this Article shall not exceed 65% of the bank’s own funds.

(6) The credits and other forms of exposure to the entities/persons referred to in paragraphs 2, 3 and 4 of this Article exceeding Denar 1,000,000 shall be approved on the basis of a decision of the bank’s Supervisory Board.

(7) The terms for approving credits and other forms of exposure, collecting deposits and performing other financial activities for the entities/persons referred to in paragraphs 2, 3 and 4 of this Article, under the same risk level determined in accordance with the supervisory standards, shall not be more favorable than those that apply to other clients of the bank.

(8) The National Bank Council shall closely prescribe the method of applying the provisions of this Article.

Article 72

(1) Large exposure to a entity and entities connected thereto shall be considered an exposure equal or higher than 10% of the bank’s own funds.
(2) The total amount of large exposures shall not exceed eight times of the bank’s own funds.
(3) The National Bank Council shall closely prescribe the method of applying the provisions of this Article.

Article 73

The bank shall adjust the method of lending and the procedure for regulating the overdue claims to the supervisory standards prescribed by this Law and the regulations adopted on the basis of this Law.

Article 74

(1) The bank shall not extend a credit or engage in other form of exposure, used, directly or indirectly, for purchasing shares in that bank.
(2) The bank shall not extend credits or engage in other form of exposure to an entity and entities connected thereto with a pledge on shares issued by that bank.
(3) The bank shall not acquire, directly or indirectly, more than 5% of the shares of another bank or non-banking financial institution that owns more than 5% of the total bank's shares.

4. Bank's own shares

Article 75

(1) The bank may acquire own shares by purchasing, by itself or through a person acting on its own behalf, and for the bank's account, up to 10% of the total bank's shares, but not more than the amount of the non-distributed profits.
The purchase of own shares shall be valid only if:
a decision on acquiring own shares by purchase is adopted by the General Meeting of Shareholders specifying the manner of purchasing, the maximum number of shares that may be purchased, the period of purchase which may not exceed twelve months after the date of adoption of the decision on acquiring own shares, the minimum and the maximum equivalent which may be paid for them, and
the nominal value of the purchased own shares including the nominal value of the own shares the bank acquired previously and owns, does not exceed 10% of the nominal value of the total bank's shares.
(3) The bank shall sell its own shares acquired in compliance with paragraph 1 of this Article within one year after the date of their acquisition.
(4) If the shares under paragraph 1 of this Article are not sold within the period specified in paragraph 3 of this Article, they shall be canceled immediately.
(5) The acquisition of own shares contrary to paragraph 2 of this Article shall be considered void.

Article 76

(1) The restrictions specified by Article 75 of this Law shall not be applied provided that the acquisition of the own shares is made:
by force of the law, and
on the basis of effective court decision.
(2) The shares acquired in the cases referred to in paragraph 1 of this Article shall be sold within a year after the date of their acquisition.
(3) In the case the acquired shares referred to in paragraph 1 of this Article are not sold within the period specified by paragraph 2 of this Article, they shall be canceled immediately.

Article 77

The rights arising from the acquired own shares shall be frozen (adjourn), up till the moment of their sale.

5. Bank investments

Article 78

(1) The bank shall not invest in and acquire land, buildings and equipment, which are not used for performing financial activities, other than those acquired on the basis of uncollected claims.
(2) The property of the bank in land, buildings, equipment, and equity holdings in non-financial institutions shall not exceed 60% of the bank's own funds.
(3) The aggregate amount of the equity holdings in non-financial institutions shall not exceed 30% of the bank's own funds.
(4) A single equity holding of a bank in a non-financial institution shall not exceed 15% of bank's own funds.

(5) A bank shall not exercise control in a non-financial institution.

(6) The limits stipulated under paragraphs 2, 3, 4, and 5 of this Article shall not include the property in land, buildings, and equipment acquired on the basis of uncollected claims not used by the bank for performing financial activities, and equity holdings acquired on the basis of uncollected claims.
(7) The bank shall sell the property and the equity holdings acquired on the basis of uncollected claims within three years after being acquired, otherwise they shall be included in the limit referred to in paragraphs 2, 3, 4, and 5 of this Article.

6. Bank liquidity

Article 79

The bank shall maintain the liquidity, i.e. to manage the assets and the liabilities in a manner ensuring settlement of due liabilities at all times.

Article 80

For the purposes of maintaining the liquidity, in accordance with the Methodology under Article 68 of this Law, the bank shall manage the liquidity risk, including in particular:
establishment and maintenance of an adequate maturity structure,
planning and management of inflows and outflows of funds and providing of an adequate amount of liquid assets,
tracing the sources of funds and their concentration, and
liquidity testing.

7. Open currency position

Article 81

The bank shall maintain an open currency position in accordance with the Methodology under Article 68 of this Law.

IX. BANK BODIES AND BANK MANAGEMENT

Article 82

(1) Bank bodies shall be: General Meeting of Shareholders, Supervisory Board, Risk Management Committee, Auditing Committee, Board of Directors and other bodies specified by a Statute (Credit Committee, etc.).
(2) The bank's Statute shall closely prescribe the number, composition, competencies, rights, duties, responsibilities and the manner of operating of the bank bodies, as well as the number, the term of office, the competencies, rights, responsibilities and the terms for appointing persons with special rights and responsibilities.
(3) The bank management shall be in conformity with the provisions of this Law and the best corporate governance rules prescribed by the National Bank Council in accordance with the international standards.

Article 83

(1) A person with special rights and responsibilities in a bank shall have a university degree and knowledgeable in the regulations for banking and/or finance and shall have appropriate experience ensuring safe and sound bank management.
(2) A person with special rights and responsibilities may not be:
(9) National Bank Council member,
(10) employee of the National Bank,
(11) person sentenced to imprisonment for crime in the area of banking and finance,[3]
(12) person who was imposed a security measure ban on performing a profession, activity or duty,
(13) person without reputation, thus compromising the safe and sound bank operations,
(14) person who fails to comply with the provisions of this Law and the regulations adopted on the basis of this law and/or failed or has failed to implement and/or acted or has been acting contrary to the measures stated by the Governor, that compromised or have been compromising the safety and soundness of the bank,
(15) member of Supervisory Board, Risk Management Committee, Auditing Committee and Board of Directors of another bank, or employee in another bank, or
(16) person who performed function of a person with special rights and responsibilities in a bank or another legal entity in which administration has been initiated, or against which a bankruptcy or liquidation procedure have been initiated, unless unambiguously determined on the basis of the available documentation and data that the person was not involved in any action that led to the introduction of administration, a bankruptcy or liquidation procedure or performed such function immediately prior or after the occurrence of the reasons that led to the introduction of administration, initiation of a bankruptcy or implementation of a liquidation procedure.
(3) Any person connected to a legal entity in which the bank has a participation may not be a member of a Supervisory Board, Risk Management Committee, Auditing Committee and Board of Directors of a bank.

Article 84

In case the persons with special rights and responsibilities determine that a decision of the bank bodies violates the law or other regulation adopted on a basis of a law, or the contents of which is such that it can compromise the liquidity of the bank and its safety and soundness, they shall inform the Supervisory Board and the National Bank in writing.

Article 85

The provisions of the Trade Company Law pertaining to procurator, authorized commercial agent and salesperson shall not apply to the banks.

1. Bank's General Meeting of Shareholders

Article 86

(1) The bank's General Meeting of Shareholders shall perform the following activities:
(3) adopts the Statute and the amendments to the bank Statute,
(4) adopts the bank's business policy and development plan,
(5) adopts the bank's financial plan,
(6) reviews and adopts the annual report on the bank's operations, including the written opinion thereon, prepared by the Supervisory Board,
(7) discusses the annual report on the operations of the Internal Audit Department including the written opinion thereon, prepared by the Supervisory Board,
(8) discusses the report on the Audit Committee operations,
(9) discusses and adopts the report of the auditing company and the written opinion thereon prepared by the Supervisory Board,

[3] Article 83 paragraph 2 item 3 is abolished with Decision of the Constitutional Court of the Republic of Macedonia no.182/2007 dated 09.07.2008 (Official Gazette of Republic of Macedonia no.88/2008).

(10) adopts the annual account and the financial statements of the bank,
(11) decides on the use and allocation of the profit, or loss coverage,
(12) decides on new issue of shares of the bank,
(13) decides on status changes and cessation of the bank's operations,
(14) appoints and dismisses the members of the Supervisory Board and the Auditing Committee,
(15) elects auditing company,
(16) adopts the list of net debtors, and
(17) decides on other issues of relevance to the operations of the bank specified by the bank Statute.

(2) The bank's General Meeting of Shareholders may not appoint a member of the bank's Supervisory Board without prior approval of the Governor.

Article 87

(1) The General Meeting of Shareholders of a bank shall be convened at least once a year.
(2) The annual General Meeting of Shareholders of a bank shall be held before the expiration of six months of the calendar year for the previous year.
(3) As an exception to paragraph 2 of this Article and in instances under Article 108 paragraph 4 of this law, the bank's annual General Meeting of Shareholders for the previous year may be held before the expiration of the nine months of the calendar year.
(4) The bank shall submit the report on the held General Meeting of Shareholders to the National Bank, including the workpapers and the adopted decisions within 15 days after the General Meeting of Shareholders.
(5) In addition to the persons referred to in the Trade Company Law, the National Bank may also press charges for determining annulment of a decision adopted by the General Meeting of Shareholders of a bank.

2. Supervisory Board

Article 88

(1) The Supervisory Board of a bank shall consist of at least 5 and maximum of 9 members.
(2) Besides the person under Article 83 of this Law, a member of a Supervisory Board in a bank may not be an employee of the bank and net debtors of the bank. At least one fourth of bank's Supervisory Board members shall be independent members.
(3) The term of office of the Supervisory Board members shall be four years.
(4) The Supervisory Board members shall elect a President from amongst their ranks.
(5) The Supervisory Board shall meet at least once a month.

Article 89

(1) The Supervisory Board shall supervise the operations of the Board of Directors, approve the policies for conducting financial activities and supervise their implementation.
(2) The Supervisory Board shall be responsible for ensuring good practice and management and bank stability, as well as timely and accurate financial reporting to the National Bank.
(3) The Supervisory Board shall also perform the following activities:
(3) approves the bank's business policy and development plan,
(4) appoints and dismisses members of the bank's Board of Directors,
(5) appoints and dismisses members of the Risk Management Committee,
(6) approves the bank's financial plan,
(7) approves the establishment and the organization of the internal control system,
(8) organizes the Internal Audit Department and appoints and dismisses the employees of this Department,
(9) approves the annual plan of the Internal Audit Department,
(10) approves the information security policy,
(11) approves the bank's risk management policies,
(12) approves the bank's plans and programs of activities, and general acts, other than acts adopted by the bank's General Meeting of Shareholders,

(13) discusses the reports on the activities of the bank's Board of Directors,
(14) discusses the reports of the Risk Management Committee,
(15) discusses the reports of the Auditing Committee,
(16) discusses the reports of the Compliance Officer/Department,
(17) approves the annual account and the financial statements of the bank,
(18) approves the list of net debtors of the bank,
(19) approves the exposure to individual entity exceeding 10% of the bank's own funds,
(20) approves the transactions with persons related to the bank exceeding Denar 1,000,000,
(21) approves the acquiring equity holdings and purchase of securities higher than 5% of the bank's own funds, other than purchase of securities issued by the National Bank and the Republic of Macedonia,
(22) approves the proposal of the Auditing Committee for appointment of auditing company and is responsible for ensuring appropriate audit,
(23) approves the internal audit policy and procedures, supervises the appropriateness of the procedures and the efficiency of the operations of the Internal Audit Department and reviews its reports,
(24) discusses the supervisory reports, other reports submitted by the National Bank, the Public Revenue Office and other competent bodies and proposes, i.e. undertakes measures and activities for addressing the identified shortcomings and weaknesses in the bank's operations,
(25) approves the annual report on the bank's operations and submits written opinion thereon to the banks' General Meeting of Shareholders,
(26) discusses the report of the auditing company and submits written opinion thereon to the General Meeting of Shareholders,
(27) provides written opinion on the annual report of the Internal Audit Department to the General Meeting of Shareholders of the bank,
(28) approves the bank's Code of Conduct, and
(29) approves the Rules and Procedures for the operations of the Auditing Committee.

(4) The Supervisory Board shall make self-assessment of its operations from the aspect of the individual members and jointly at least once a year, and shall notify the General Meeting of Shareholders thereon.

(5) The bank's Supervisory Board may not appoint a member of the bank's Board of Directors without obtaining prior approval from the Governor, other than in the cases referred to in Article 92 paragraph 5 of this Law.

3. Risk Management Committee

Article 90

(1) The Risk Management Committee in a bank shall consist of at least three and maximum of 9 members.

(2) The members of the Risk Management Committee shall be elected from among the persons with special rights and responsibilities employed in the bank. One of the members of the bank's Board of Directors shall be a member of the Risk Management Committee.

(3) The members of the Risk Management Committee, in addition to the requirements under Article 83 of this Law, shall have minimum three-year experience in the area of finance or banking.

(4) The Risk Management Committee shall meet at least once a week.

(5) The Risk Management Committee shall also perform the following:

1). permanently monitors and assesses the risk level of the bank, and identify the acceptable level of exposure to risks in order to minimize the losses as a result of the bank's risk exposure,

2). establishes risk management policies and monitors their implementation,

3). follows the regulations of the National Bank pertaining to the risk management and the bank's the compliance with such regulations,

4). assess the bank's risk management systems,

5). determines short- and long-term strategies for managing certain types of risks the bank is exposed to,

6). analyzes the reports on the banks' risk exposure developed by the bank's risk assessment units and proposes risk hedging strategies, measures and instruments,
7). monitors the efficiency of the internal control systems in the risk management,
8). analyzes the risk management effects on the bank's performances,
9). analyzes the effects of the proposed risk management strategies, as well as the proposed risk hedging strategies, measures and instruments,
10). informs, at least once a month, the Supervisory Board, and at least once every three months, the Auditing Committee on the changes in the bank's risk positions, the changes in the risk management strategies, the risk management effects on the bank's performances as well as the undertaken measures and instruments for hedging risks and the effects thereof, and
11). reviews the transactions with the persons related to the bank on a quarterly basis, and submits report to the Supervisory Board by 15th in the month following the reporting period.
(6) The Risk Management Committee shall make self-assessment of its operations from the aspect of individual members and jointly at least once a year, and shall submit it to the Supervisory Board.

4. Auditing Committee

Article 91

(1) The bank's Auditing Committee shall consist of at least five and maximum of 9 members.
(2) The majority members in the Auditing Committee shall be elected from among the members of the Supervisory Board, and the other members shall be independent members.
(3) At least one Auditing Committee member shall be an authorized auditor.
(4) An employee in the audit company referred to in Article 105 of this Law may not be a member of the Auditing Committee.
(5) The Auditing Committee members shall elect a President from amongst their ranks, responsible for the organization of the work of the Auditing Committee.
(6) The Auditing Committee members, besides the requirements under Article 83 of this law, should also be knowledgeable in:

(4) the bank's operations, its products and services,
(5) the risks the banks is exposed to,
(6) the internal control systems and risk management policies of the bank, and
(7) accounting and audit.

(7) The Auditing Committee shall meet at least once quarterly, and on request of the Supervisory Board.
(8) The Auditing Committee shall adopt operating rules and procedures approved by the bank's Supervisory Board.
(9) The Auditing Committee shall:

(8) discuss the financial statements of the bank and make sure that the disclosed financial information on the bank operations are accurate and transparent as specified by the accounting regulations and international accounting standards,
(9) review and make assessment of the internal control systems,
(10) monitor the operations and assess the efficiency of the Internal Audit Department,
(11) monitor the bank's audit process and assess the work of the audit company,
(12) adopt the bank's accounting policies,
(13) monitor the compliance of the bank's operations with the regulations related to the accounting standards and the financial statements,
(14) hold meetings with the Board of Directors, the Internal Audit Department and the audit company as to the identified non-compliances with the regulations and weaknesses in the bank's operations,
(15) discuss the reports of the Risk Management Committee,
(16) propose an audit company, and
(17) report to the bank's Supervisory Board on its operations at least once quarterly.

(10) The Auditing Committee shall make self-assessment of its operations from the aspect of individual members and jointly at least once a year.

(11) The Auditing Committee shall submit an annual report on its operations to the bank's Supervisory Board and General Meeting of Shareholders, containing the self-assessment under paragraph 10 of this Article.

5. Board of Directors

Article 92

(1) The bank's Board of Directors shall consist of at least two and maximum of 7 members.
(2) A member of a bank's Board of Directors, besides the requirements under Article 83 paragraph 1 of this law, must have a 6-year successful work experience in finance or banking or 3-year work experience as a person with special rights and responsibilities in a bank with activities corresponding to those in the bank in which they are appointed.
(3) A member of a bank's Board of Directors, besides the person under Article 83 paragraph 2 of this law, may also not be a person who is member of a management body or supervisory body of any other trade company.
(4) The members of the Board of Directors must be permanently employed with the bank and at least one of the members must be fluent in Macedonian and know its Cyrillic alphabet and have a permanent residence in the Republic of Macedonia.
(5) If the number of members of the Board of Directors of a bank drops below the one set by this law, the Supervisory Board shall, from amongst its ranks, appoint an acting member(s) of the Board of Directors. Acting members of the Board of Directors shall be subject to entry into the Trade Registry.
(6) The member of the Board of Directors who was appointed to be an acting member of the Board of Directors, may not participate in the decision-making within the competences of the Supervisory Board within the period of carrying out this duty.

Article 93

The bank's Board of Directors shall:

(3) manage the bank,
(4) represent the bank,
(5) enforce the decisions of the General Meeting of Shareholders and the Supervisory Board of the bank, i.e. make sure that they are implemented,
(6) take initiatives and give proposals for promoting the bank's operations,
(7) appoint and dismiss the persons with special rights and responsibilities pursuant to the provisions under this Law and the bank's statute,
(8) develop a bank's business policy and development plan,
(9) develop a financial plan of the bank,
(10) compile a list of net debtors,
(11) develop a bank's information security policy,
(12) prepare an annual report on the bank's operations and submit it to the Supervisory Board, and
(13) develop a Code of Conduct of the bank.

Article 94

(1) The bank's Board of Directors shall be responsible for:

4) providing working conditions for the bank in compliance with the regulations,
5) risk management and monitoring,
6) achievement and maintenance of proper level of own funds,
7) functioning of the internal control system in all areas of the bank operations,
8) smooth operating of the Internal Audit Department of the bank, i.e. make sure that the Internal Audit Department has an access to the documentation and to the employees of the bank for the purposes of smooth conduct of its activities,
9) smooth operating of the Officer/Department referred to in Article 99 of this Law, i.e. make sure that the Officer/Department has an access to the documentation and to the employees of the bank for the purposes of smooth conduct of its authorizations,
10) maintenance of commercial and other books and business documentation of the bank, compiling of financial statements and other reports in accordance with the regulations

governing the accounting and accounting standards,
11) timely and accurate financial reporting,
12) regularity and accuracy of the reports submitted to the National Bank in line with the law and the regulations adopted on the basis of law, and
13) undertaking of measures imposed by the Governor against the bank

(2) The bank's Board of Directors shall be responsible to the Supervisory Board for its operations.

(3) The bank's Board of Directors shall report to the Supervisory Board on its operations at least once a month.

(4) The bank's Board of Directors shall immediately notify the Supervisory Board on:
4) deteriorated bank's liquidity or solvency,
5) reasonable ground for revoking the founding and operating license or on a ban on performing certain financial activity as specified by law,
6) reduction of the own funds below the requirement as specified by this law,
7) the findings of the supervision and the inspection of the National Bank, and
8) the findings of the Public Revenue Office and other controlling bodies.

(5) The bank's Supervisory Board shall immediately notify the National Bank on the cases referred to in paragraph 4 items 1, 2 and 3 of this Article.

(6) The bank's Supervisory Board shall immediately notify the National Bank on the findings referred to in paragraph 4 item 5 of this Article provided that they significantly affect the financial standing of the bank.

(7) A member of the Board of Directors shall immediately notify the Supervisory Board in the case they or persons connected thereto, acquire a control in other legal entity.

6. Internal Audit Department in the bank

Article 95

(1) The bank's Supervisory Board of the bank shall organize an Internal Audit Department, as an independent organizational unit in the bank.

(2) The organizational design, rights, responsibilities and relations with other organizational units in the bank, and the responsibilities and requirements for appointing a manager of the Internal Audit Department shall be regulated by the Supervisory Board.

(3) The Internal Audit Department shall conduct constant and full-scope audit of the legitimacy, accuracy and promptness of the bank's operations through:
(5) assessment of the internal control systems adequacy and efficiency,
(6) assessment of the implementation of the risk management policies,
(7) assessment of the design of the information system,
(8) assessment of the accuracy and reliability of the commercial books and financial statements,
(9) verification of the accuracy, reliability and the timeliness in the reporting in accordance with the regulations,
(10) monitoring of the compliance with the regulations, the Code of Conduct, policies and procedures,
(11) assessment of the anti-money laundering systems, and
(12) assessment of the services the bank obtains from its ancillary services undertakings.

(4) The Internal Audit Department shall carry out its activities in conformity with the internal audit principles and standards, the bank's Code of Conduct and the operating policy and procedures of the Department.

(5) The Internal Audit Department officers shall be employed with the bank and shall only perform the function of the Department, with at least one of them being an authorized auditor.

(6) The employees of the bank shall provide the persons, i.e. the employees in the Department referred to in paragraph 1 of this Article, an access to the available documentation and all required information.

Article 96

(1) The Internal Audit Department shall develop annual plan of activities of the department, endorsed by the Supervisory Board.

(2) The plan under paragraph 1 of this Article shall indicate the subject to audit including the description of the contents of the planned audit in certain areas and schedule of the audits during the year including the planned auditing period.

Article 97

(1) The Internal Audit Department shall prepare semi-annual and annual report on its operations and submit them to the Supervisory Board, Board of Directors and Auditing Committee of the bank.
(2) The semi-annual and annual report under paragraph 1 of this Article shall contain:
description of the conducted audits of the bank's operations,
4) assessment of the internal control systems adequacy and efficiency,
5) observations and measures proposed by the Internal Audit Department, and
6) assessment of the implementation of the measures proposed by the Internal Audit Department.

(3) The annual report referred to paragraph 1 of this Article shall also contain:
4) assessment of the achievement of the objectives set by the annual plan of activities,
5) assessment of the planned auditing period and the possible deviation, and
6) information on other conducted activities.

(4) The Supervisory Board shall submit the annual report of the Internal Audit Department to the bank's General Meeting of Shareholders and the National Bank.

Article 98

The Internal Audit Department shall immediately notify the Supervisory Board and the Board of Directors if, during the audit, it identifies:
(4) violation of the risk management standards which is likely to deteriorate the bank's liquidity and solvency, and
(5) that the Board of Directors violates the bank's regulations, general acts and internal procedures.

7. Control of the compliance of the bank's operations with the regulations

Article 99

(1) The bank's Board of Directors shall, depending on the type, scope and complexity of activities performed by the bank, appoint a Compliance Officer or organize a Compliance Department.
(2) The officer, i.e. the department referred to in paragraph 1 of this Article shall be responsible for identification and monitoring of the risks arising from the non-compliance of the bank's operations with the regulations. Risk of non-compliance with the regulations shall include particularly, but not limited to the risk of measures imposed by the National Bank, financial losses and reputation risk as a result of the failures in the compliance of the bank's operations with the regulations.
(3) The officer, i.e. the department staff referred to in paragraph 1 of this Article shall perform solely the activities defined by paragraph 2 of this Article and shall be independent in the performance of activities within their competence.
(4) The employees with the bank shall provide to the officer i.e. the department staff referred to in paragraph 1 of this Article an access to the available documentation and render all necessary information.
(5) The officer, i.e. the manager of the department referred to in paragraph 1 of this Article shall submit monthly report to the Board of Directors and quarterly report to the Supervisory Board on its operations.

8. Conflict of Interest

Article 100

(1) Any person with special rights and responsibilities shall make a written statement on the existence, if any, of a conflict of their personal interest with the interest of the bank, regularly every six months.
(2) Personal interest of the persons under paragraph 1 of this Article shall also denote interests of the persons connected thereto.

(3) Conflict between the personal and the bank's interest shall exist when financial, or any other type of business or family interests of the persons under paragraphs 1 and 2 of this Article are concerned by the adoption of decisions, concluding agreements or performing other business activities.
(4) Realization of financial, business and family interest shall imply generation of monetary or other type of benefit, directly or indirectly, by the persons under paragraphs 1 and 2 of this Article.
(5) The persons under paragraph 1 of this Article shall not attend the discussion and adoption of decisions, conclude agreements, or perform other business activities if their objectivity is questionable due to the existence of a conflict between their personal interest and the interest of the bank.
(6) Statement on existence of a conflict of interests shall also be given before the meeting for discussing and adopting decisions, concluding agreements, or performing other business activity.
(7) The written statement under paragraphs 1 and 6 of this Article shall be submitted to the bank's Supervisory Board and Board of Directors, indicating the reason underlying the conflict of the personal with the bank's interest.
(8) If the person under paragraph 1 of this Article conceals the existence of a conflict of interests, the National Bank and any other person who has a legal interest may require annulment of the legal matter to the competent court in accordance with this law.

X. REPORTS, ACCOUNTING AND AUDITING

1. Reports

Article 101

(1) The banks shall submit reports and data to the National Bank.
(2) The National Bank Council shall prescribe in more details the forms, types, methodology, contents of the reports and data, and the deadlines for their submission to the National Bank.
(3) The National Bank Council may prescribe reports and data which are to be published by the bank, as well as the manner, the form and the deadlines for their publishing.

2. Accounting

Article 102

(1) The bank shall keep its business records in a regular and updated manner. Business records and financial statements shall be compiled in accordance with the regulations on accounting and the accounting standards, unless otherwise stipulated by this Law.
(2) The bank shall organize its operations and keep business records, as well as the business and accounting documentation, in a manner confirming that the bank operates, at any time, pursuant to the provisions of this Law.
(3) The bank shall classify the data in its business records pursuant to the chart of accounts.
(4) When preparing the financial statements referred to in this Article, the bank shall apply the form as defined by Article 103 of this Article.
(5) The bank shall prepare an annual account, semi-annual and annual financial statement and consolidated financial statement.
(6) The bank shall submit to the National Bank non-audited semi-annual and annual financial statements within 30 days following the expiry of the period it refers to.
(7) The bank shall submit to the National Bank a monthly report on the balance and the transactions on all accounts in the banks' chart of accounts.

Article 103

(1) The National Bank Council shall prescribe the chart of accounts for banks.
(2) For financial reporting purposes, the Governor shall prescribe:

1. the types and the contents of banks' financial statements, and the notes to those statements, and
2. the Methodology for recording and valuation of the accounting items and for preparation of the financial statements.

(3) For supervision purposes, besides the statements and the methodologies under paragraph 2 of this Article, the Governor may prescribe additional accounting guidelines and data, the bank is required to submit to the National Bank.

3. Auditing

Article 104

Annual financial statements and business records shall be audited and assessed by an auditing company, which shall prepare an audit report in accordance with the auditing regulations and with the provisions in this Law.

Article 105

(1) The bank shall appoint an auditing company notifying the National Bank thereon within 15 days from the appointment date.
(2) The Governor shall not accept the auditing company if it:
1. has less than 3 years audit experience,
2. is a person related to the bank,
3. has provided consulting services to the bank in the period of last 3 years,
4. has been subject to measures imposed by the Chartered Auditor Institute over the last 3 years and
5. has an inadequate expertise or fails to follow the professional standards.

(3) Should the Governor does not accept the auditing company, they shall notify the bank thereon within 15 days after receiving the notification referred to in paragraph 1 of this Article and shall require from the bank to appoint another auditing company.
(4) The bank shall appoint another auditing company within 45 days after receiving the notification referred to in paragraph 3 of this Article.
(5) Same auditing company may conduct up to five successive audits of the annual financial statements in one bank.

Article 106

(1) The audit shall particularly be focused on:
1. the balance sheet,
2. the income statement,
3. the cash flow statement,
4. the changes in the amount of own funds and assessment of the capital adequacy,
5. the level and changes in the value adjustment level and the allocated special reserve and the write-offs,
6. the amount of assumed potential liabilities,
7. the consolidation effects,
8. the functioning of the internal control systems and the performance of the internal audit function,
9. the bookkeeping,
10. the information security,
11. the accuracy and completeness of the statements submitted by the bank to the National Bank for supervision purposes,
12. the adequacy of the accounting policies and procedures of the bank, as well as valuation of the on-balance sheet and off-balance sheet assets and liabilities,
13. the compliance of the bank's operations with the regulations, and
14. the bank's risk management systems.

(2) The National Bank Council shall prescribe in detail the contents of the audit of the operations and the annual financial statements of the banks, in accordance with the international standards.

Article 107

(1) The auditing company shall immediately notify the Governor in writing if, during the audit, it finds out that:
1. bank's solvency or liquidity is compromised,

2. the bank is insolvent or illiquid, and
3. the bank operated and/or has operated contrary to the regulations.

(2) The auditing company shall immediately notify the Governor in writing if the audit of the legal entity the bank has close links with, shows that:

1. the entity faces liquidity or solvency problems, and
2. the entity operated and/or has operated contrary to the regulations

(3) The Governor shall notify the Minister of Finance about the cases referred to in paragraph 1, items 1 and 2 of this Article within three days from the day the notification was received.

Article 108

(1) The auditing company shall submit the audit report to the bank's Board of Directors, the Supervisory Board, the National Bank and the Ministry of Finance, by 30th April in the current year, for the previous calendar year.

(2) The National Bank may require from the auditing company additional explanation and data with respect to the audit report.

(3) The auditing company shall make all workpapers from the bank audit available to the National Bank on request.

(4) The Governor shall not accept the audit report if determined that it is not based on impartial facts on the financial standing of the bank, if it is not prepared as specified by Article 106 of this Law, and/or if the audit company failed to observe the prescribed standards and procedures during the audit.

(5) If the Governor does not accept the audit report, they shall inform the bank, the Ministry of Finance and the Chartered Auditor Institute thereon within 45 days after receiving the report.

(6) In the cases referred to in paragraph 4 of this Article, the Governor shall require from the bank to appoint another auditing company, which shall prepare a new report.

(7) The bank shall bear all costs arising from the appointment of another auditing company defined under paragraph 6 of this Article.

Article 109

If the bank fails to observe the provisions of Article 105 of this law or if the auditing company acts contrary to Article 108, paragraph 4 of this law, the Governor shall not accept an audit report prepared by that auditing company in the following three years.

Article 110

(1) The bank shall, within 8 days after the adoption of the annual report on the operations, submit to the National Bank a copy together with the audit report.

(2) A bank in which a foreign bank exercises control shall submit to the National Bank also an annual report on the operations and an audit report of the foreign bank that exercises control, within 30 days of their issuance.

(3) The bank shall make the audit report and the annual financial statements including the notes to the report public and publish a balance sheet, income statement, report on the change in the capital, cash flows report and the auditor report to the annual financial statements, in at least one daily newspaper, within 15 days after the adoption of the report by the bank's General Meeting of Shareholders.

XI. BANKING SECRET

Article 111

Any documents, data and information acquired through banking and other financial activities on individual entities, and transactions with individual entities and on deposits of individual entities shall be considered banking secret the bank is required to protect and keep.

Article 112

(1) Persons with special rights and responsibilities, shareholders and bank employees, who have an access to the documents, data and information from Article 111 of this Law, as well as other persons who, by rendering services to the bank, have an access to the documents, data and information

referred to in Article 111 of this Law, shall keep them, and may use them only for the purposes they were obtained for, and shall not disclose them to third parties.

(2) The requirement under paragraph 1 of this Article shall not be applied in the following instances:

1) if the data and information disclosure is prescribed by a law, and

2) if the person gave a written consent to data disclosure.

(3) For the persons with special rights and responsibilities, and bank employees, the requirement under paragraph 1 of this Article shall not apply also in the following instances:

1. on written request of a competent court for conducting procedures within its competencies,
2. for the needs of the National Bank or another supervisory body authorized by law,
3. on written request of the Public Revenue Office for conducting procedures within its competencies,
4. if the data are disclosed to the Anti-Money Laundering and Combating the Financing of Terrorism Office, in accordance with the law,
5. if the data are disclosed to the Financial Police Office, in accordance with the law,
6. on written request of the State Foreign Exchange Inspectorate for foreign exchange operations control,
7. on written request of the Deposit Insurance Fund, in accordance with the law,
8. if the data are disclosed for the needs of operating the National Bank Credit Registry and to the credit bureau, in accordance with the law, and
9. on written request of the enforcement agents in accordance with the law.

(4) The persons who, in accordance with paragraph 3 of this Article, obtained the documents, data and information referred to in Article 111 of this Law, shall keep them, may use them only for the purpose they were obtained for, and shall not disclose them to third parties, unless in cases and procedure stipulated by this or another law.

(5) The requirement under paragraphs 1 and 4 of this Article shall continue being valid after the termination of the employment, i.e. after the termination of the ground and the status underlying the access to the data regarded as banking secret.

XII. BANK ASSOCIATION

Article 113

(1) With a view of exercising joint interests and promoting their operations, banks established in the Republic of Macedonia may create bank associations.

(2) The activities and tasks of the bank associations shall be regulated by the articles of incorporation.

(3) Amongst other activities, the association may:

1. organize additional, voluntary deposit guarantee system, in addition to the mandatory stipulated under the Law on the Deposit Insurance Fund,
2. organize exchange of data on the creditworthiness for the purposes of hedging credit risk, and
3. provide training for bank staff and issue certificates.

(4) The banks may not conclude agreements that limit the principle of free market operations and banking competition.

XIII. SUPERVISION, CONSOLIDATED SUPERVISION AND INSPECTION

Article 114

(1) The National Bank shall conduct supervision, consolidated supervision and inspection in a manner and procedure specified by this and/or other law.

(2) The National Bank Council shall more precisely regulate the method of conducting supervision, consolidated supervision and inspection referred to in paragraph 1 of this Article.

(3) Any entity subject to supervision, consolidated supervision and inspection by the National Bank shall, under their security procedures, provide to the persons authorized by the National Bank an access to any premise, to the available documentation, including data kept electronically, and provide any documentation requested by the persons authorized by the National Bank.

(4) During the supervision, consolidated supervision and inspection, the authorized persons may keep and take out only copies of the bank's documents, verified by a notary, if needed.

1. Supervision

Article 115

(1) Through the supervision, the National Bank shall assess the safety, soundness, risk and the compliance of the bank's operations with the regulations.
(2) Supervision shall be conducted by persons authorized by the Governor.

Article 116

(1) The National Bank shall perform its supervisory function by:
6) permanent off-site supervision of the bank's operations by gathering and analyzing the reports and data submitted by the bank,
7) full-scope or targeted on-site, supervision in the bank,
8) keeping contacts with the bank's body members and with the audit company, and
9) cooperating and exchanging data and information with other supervisory authorities.

(4) The National Bank shall conduct on-site supervision according to pre-specified plan and if needed.

Article 117

The bank shall provide the following for the supervision purposes:
(3) reports and information on the bank's operations,
(4) audit report and additional information on the audit conducted in the bank and the letter sent by the audit company to the bank's Board of Directors,
(5) extraordinary reviews for the operations, and
(6) reports of the bank's Internal Audit Department.

2. Consolidated supervision

Article 118

(1) The National Bank shall conduct consolidated supervision of a banking group on the basis of the consolidated reports of the group.
(2) For the purposes of this law, the bank having a head office in the Republic of Macedonia which is a parent entity of the banking group shall be responsible for fulfilling the obligations arising from the purposes of the consolidated supervision.
(3) As an exception to paragraph 2 of this Article, in the case the parent entity of the banking group is a financial holding company with a head office in the Republic of Macedonia, for the purposes of this law, the bank having a head office in the Republic of Macedonia which is subordinated entity to such holding company shall be responsible for fulfilling the obligations arising from the purposes of the consolidated supervision.
(4) The bank referred to in paragraphs 2 and 3 of this Article shall be considered a bank subject to consolidated supervision.
(5) In the case the financial holding company with a head office in the Republic of Macedonia controls two or more banks having a head office in the Republic of Macedonia which are not interconnected in terms of control and participation, the bank with highest assets shall be a bank subject to consolidated supervision. If the amount of assets of the banks is equal, the bank subject to consolidated supervision shall be the bank that first obtained a founding and operating license by the Governor.
(6) Other legal entities of the banking group which are subordinated entities in the banking group may have a head office on and outside the territory of the Republic of Macedonia.
(7) The members of the management bodies of the financial holding company referred to in paragraphs 3 and 5 of this Article must fulfill the requirements concerning the members of the Board of Directors specified by this law.

Article 119

(1) The banking group shall observe and follow the provisions of this law that defines the supervisory standards and risk management.
(2) The parent entity shall organize and ensure transparency of the banking group, thus enabling identification and monitoring of:

(8) the actual persons that exercise control in the group,
(9) the financial standing of the banking group and each individual entity in the group,
(10) the risk profile of the banking group and each individual entity in the group,
(11) the internal control system and risk management systems, and
(12) the interconnection between the individual entities and type of connection, including the amount of share in the capital and/or voting rights in other entities in the group.

(3) The bank subject to consolidated supervision shall have adequate risk management, internal control and reporting and accounting systems in place, in order to identify, measure, monitor and control transactions with other entities in the banking group.

Article 120

The consolidated supervision shall refer at least to:

(5) the amount of own funds,
(6) the amount of large exposures,
(7) the investments in other non-financial institutions,
(8) the internal control system, and
(9) the risk management.

Article 121

The National Bank Council shall specify the scope of the consolidation and the contents of the consolidated reports referred to in Article 122 of this law and the deadlines for their submission by the bank subject to consolidated supervision.

Article 122

(1) The bank subject to consolidated supervision shall compile and submit consolidated reports of the banking group to the National Bank.
(2) The consolidated reports referred to in paragraph 1 of this Article shall consist of consolidated financial statements and consolidated supervisory reports.
(3) The bank subject to consolidated supervision, when compiling the reports referred to in paragraph 1 of this Article, shall have all necessary information and data underlying the development of the consolidated reports of the banking group and shall establish a system for verifying the accuracy and reliability of the information and data provided by the entities in the group.
(4) The parent entity in the banking group shall ensure application of uniform principles for validation and presentation of any financial statement of the subordinated entities.

Article 123

At request of the Governor, the bank subject to consolidated supervision shall also consolidate certain positions or activities within the banking group, if necessary for the purposes of full and impartial presentation of the financial position and results from the operations of the group as a whole and each bank in the group.

Article 124

9) Any subordinated entity in the banking group and financial holding company shall submit to the bank subject to consolidated supervision any data and information necessary for the purposes of the consolidated supervision, have proper systems in place facilitating the generation of such data and information and proper internal control systems in place for verification of the accuracy and reliability of the submitted information and data.
10) For the purposes of determining the scope of consolidation that is to be made by the bank subject to consolidated supervision, any subordinated entity in the banking group shall

submit to the bank data on the amount of their share in the capital and/ or voting rights in other entities.

11) In the case the subordinated entities in the group and the financial holding company fail to submit the data and information necessary for the purposes of consolidated supervision to the bank subject to consolidated supervision, the bank shall immediately notify the National Bank thereon.

Article 125

(1) In cases when there is no banking group, the Governor may request from the bank subordinated to other legal entity to perform full consolidation or consolidation of certain positions or activities, if necessary for full and impartial presentation of the financial position and results from the bank's operations.

(2) The Governor may request from the bank which is a parent entity of other legal entity which is not a bank or financial holding company to carry out full consolidation or consolidation of certain positions or activities of the entities of the group, irrespective of their activity, if necessary for full and impartial presentation of the financial position and results from the bank's operations.

(3) The bank referred to paragraphs 1 and 2 of this Article shall have and maintain adequate risk management, internal control and reporting and accounting systems in place, in order to identify, measure, monitor and control transactions with the parent entity, its subsidiaries and/or the bank's subsidiaries.

(4) The legal entities referred to in paragraphs 1 and 2 of this Article shall submit to the bank, referred to in paragraphs 1 and 2 of this Article, any data and information required for the purposes of consolidated supervision.

(5) The bank shall immediately notify the National Bank in case the legal entities referred to in paragraphs 1 and 2 of this Article fail to submit the required data and information under paragraph 4 of this Article.

(6) The bank shall immediately notify the National Bank of any significant transactions with the entities referred to in paragraphs 1 and 2 of this Article.

Article 126

(1) The bank subject to consolidated supervision shall immediately notify the National Bank on:

(3) any change relevant to determining an existence of a banking group, as defined by the provisions of this law, and

(4) any change in each legal entity or in the interconnections between the entities in the group, relevant to the purposes of consolidated supervision.

(2) For the purposes of consolidated supervision, the Governor may also require from the bank subject to consolidated supervision, financial holding company or subordinated entities to submit other data and information.

(3) The Governor may prohibit execution of transactions of the bank subject to consolidated supervision and/or the bank which is a subordinated entity in the banking group, with entities in the group or entities related thereto, if determined that such transactions are likely to seriously compromise the bank's safety and soundness.

Article 127

(3) If a bank with a head office in the Republic of Macedonia is a member of a banking group that includes one or more entities subject to supervision of other supervisory body/bodies, the National Bank and that/those supervisory body/bodies shall develop a uniform method of consolidated supervision of the banking group.

(4) The National Bank and other supervisory bodies shall precisely regulate the uniform method of consolidated supervision of the banking group by concluding agreements underlying the permanent exchange of data and information for the purposes of consolidated supervision.

(5) The exchange of information between the National Bank and other supervisory bodies shall at least refer to:

(3) identification of the banking group structure, including the actual persons that exercise control in the group,

(4) changes in the shareholder, management and organizational structure of the group,
(5) business and strategic plans of the banking group,
(6) financial position of the group members, particularly focusing on the capital adequacy, transactions with related entities, exposure between the entities in the group, earnings, etc.,
(7) corporate governance, risk management and internal control systems,
(8) measures undertaken against certain entities in the group,
(9) any other information that might considerably affect any entity in the group or the group as a whole.

3. Inspection
Article 128

The National Bank may conduct an inspection of the operations of entities related to the bank, other entities in the banking group and the bank's ancillary services undertaking. If such persons are subject to inspection by other authorized body, the National Bank shall conduct the inspection in cooperation with such body.

XIV. SUPERVISION OF THE LEGITIMACY IN THE OPERATIONS OF NON-BANKING ENTITIES
Article 129

(1) In the case legal entities and natural persons perform activities violating Article 5 of this law, the Public Revenue Office shall adopt a decision on ban on performing activity and shall require their deletion from the registry.
(2) An appeal may be filed against the decision referred to in paragraph 1 of this Article to the Minister of Finance within 8 days from the date of receiving the decision.
(3) The appeal referred to in paragraph 2 of this Article shall not defer the enforcement of the decision.
(4) If aware that certain entities perform activities violating Article 5 of this law, the National Bank shall inform the Ministry of Finance.

Article 130

The Public Revenue Office shall make a decision specifying a period within which the person, acting contrary to Article 4 paragraph 1 of this law shall change its name. In the case it fails to change the name within the specified period, the Public Revenue Office shall request a deletion of such words from the registry.

XV. MEASURES
Article 131

(1) The Governor shall undertake measures and shall determine deadlines for their implementation in case the bank, banking group, shareholders or bank's bodies fail to adhere to the regulations governing the bank's operations or its internal procedures.
(2) Measures undertaken by the Governor:
(2) regular measures,
(3) additional measures,
(4) introduction of administration,
(5) withdrawal of an approval, and
(6) revocation of a license.
(3) When choosing the measures to be undertaken, the Governor shall be guided by the following:
(4) type and gravity of the illegitimacy and/or irregularity and their effect on the safety and soundness of the bank, its depositors and the overall banking system,
(5) the effect or possible effect of the measure on the bank or its depositors in order to prevent from further deterioration of the bank's position,
(6) whether the illegitimacy, i.e. irregularity was made on purpose and/or is recurrent, and
(7) willingness of the bank's bodies to eliminate the identified illegitimacies and irregularities.

1. Regular measures

Article 132

(1) The Governor shall undertake regular measures provided that the bank or the banking group fails to observe the regulations governing the bank's operations particularly, without limitation, if:

(1) the management system, information system, internal control system and internal policies and procedures are not in compliance with the regulations or are not observed,
(2) the accounting policies, procedures and practice are not in conformity with the accounting regulations,
(3) the obligation and deadlines for submitting data, information and reports to the National Bank, and their public disclosure, have not been observed,
(4) there is no proper audit,
(5) it does not adhere or acts contrary to the supervisory standards,
(6) it lacks adequate level of own funds, and
(7) it fails to meet the anti-money laundering obligations.

(2) In the cases listed under paragraph 1 of this Article and provided that they do not seriously compromise the safety and soundness of the bank, the Governor may undertake the following measures:

(3) issue a recommendation to the bank specifying periods for training of the staff and persons with special rights and responsibilities or recruitment of adequate staff, changes in the bank's organizational structure, development of new policies and procedures in certain areas and development and implementation of an action plan for addressing the illegitimacies and irregularities and complying with the regulations,
(4) issue a written warning to the bank,
(5) conclude a memorandum for compliance with the regulations or for reaching the required level of own funds within a certain period with the majority members of the Supervisory Board and/or with the members of the Board of Directors of the bank, and
(6) give the bank additional obligation to submit extraordinary data and reports in a period, type, scope and frequency specified by the Governor.

(3) The bank shall, within 5 days from the expiration of the deadlines under paragraph 2 items 1, 2 and 3 of this Article, submit to the National Bank a report on the undertaken activities and documented evidence that it has complied with the regulations.

2. Additional measures

Article 133

(1) The Governor shall undertake additional measures against any bank or bank shareholder who severely violate the regulations, compromising the safety and soundness of the bank, particularly when:

(3) the Governor finds that the cases under Article 132 paragraph 1 seriously compromise the safety and soundness of the bank,
(4) they fail to undertake, on time, the measures under Article 132 paragraph 2 of this law,
(5) they repeat the irregularities referred to in Article 132 paragraph 1 of this law, which have already been subject to a measure or sanction for an infraction,
(6) the bank performs activity without obtaining a license or approval,
(7) the bank performs activities through branch abroad without obtaining an license by the Governor,
(8) the bank no longer meets the requirements underlying the issuance of the founding and operating license, i.e. the approval for performing financial activities,
(9) the capital adequacy ratio and/or own funds are below the level defined by this law,
(10) they failed to allocate the required level of special reserves, i.e. failed to make adequate correction of value of the bank assets,
(11) they permanently or considerably violate the supervisory standards,
(12) they frequently fail to meet the obligation for timely submission of data,

information and reports to the National Bank and other institutions specified by law,

(13) they obstruct the National Bank and the audit company to conduct supervision and consolidated supervision, i.e. audit, and

(14) the shareholder was not granted an approval for acquiring shares.

(2) In the cases under paragraph 1 of this Article, the Governor shall adopt a decision on undertaking one or more of the following measures:

1) authorize persons for on-site supervision of the bank's operations,

(5) order the bank and/or shareholder to:

- review the internal procedures and policy,
- reduce the operating costs,
- reach adequate level of reserves,
- replace a person with special rights and responsibilities,
- conduct additional audit by the audit company, different from the audit company engaged by the bank, in a scope and under terms defined by the Governor and at the expense of the bank,
- achieve and maintain own funds and/or capital adequacy ratio higher than the one stipulated by this law,
- develop and implement a plan for improving the condition of the bank, provided that the bank is undercapitalized, and
- recapitalize the bank, and

(6) prohibit, limit and impose special terms for:

- payment of dividend,
- exercising the rights arising from shares,
- payments to the members of the management bodies,
- exposure to connected persons, unless they are backed by a pledge on securities issued or guaranteed by the Republic of Macedonia or the European Union, kept by an independent third party - depository institutions, the market value of which exceeds 125% of the credit amount at all times, or other type of exposure,
- transactions with other entities in the banking group or persons related with the bank,
- exposure to an entity for which, as specified by the methodology of the National Bank, correction of value is made or special reserve is allocated of at least 20%,
- prolonging of approved credits,
- performing all or certain financial activities,
- opening units of a bank,
- participation in a foreign exchange market,
- acquiring equity holdings in other legal entities, and
- launching new financial activities.

Article 134

(1) The Governor may authorize a person - supervisor from the National Bank who will monitor the implementation of the measures listed under Article 133 paragraph 2 of this law.

(2) The person referred to in paragraph 1 of this Article shall be entitled to verify the payment order, attend the sessions of the Supervisory Board and the Board of Directors without voting right and obtain any information and data necessary for the implementation of the measures under Article 133 paragraph 2 of this law.

2.1. Bank improvement plan

Article 135

(1) The bank shall be considered undercapitalized provided that its own funds or capital adequacy ratio are below those required by this law.

(2) If the bank is undercapitalized or owing to the operating losses it faces undercapitalization, the Governor shall adopt a decision requiring from the bank's Supervisory Board to submit a plan for improving the condition, within 10 days.

(3) The plan referred to in paragraph 2 of this Article shall contain precisely elaborated measures and activities and period for reaching and maintaining own funds and achieving the capital adequacy ratio set in accordance with this law.
(4) The Governor shall adopt a decision on approving or rejecting the plan under paragraph 2 of this Article within 10 days after the date of receiving the plan.
(5) Should the plan under paragraph 2 of this Article also allow for increase in the initial capital, the bank shall, within 30 days after receiving the decision of the Governor on approving the plan, convene meeting of shareholders. If the General Meeting of Shareholders passes a decision on increasing the initial capital, the payment shall be made within 90 days after the date of adopting the decision.
(6) In the case the Governor rejects the plan under paragraph 2 of this Article or the General Meeting of Shareholders of the bank does not pass the decision on increasing the initial capital, the Governor shall adopt a decision on introducing an administration or revoke the founding and operating license.

Article 136

(1) The bank required to submit a plan for improving the condition shall not perform the following activities without prior approval of the Governor:

5) launch a new financial activity,
6) increase the risk weighted assets by more than 5% annually,
7) pay dividend or make any other payment in the form of bonuses, grants, etc. to the shareholders, the persons with special rights and responsibilities and to the bank's employees, and
8) increase the total exposure of the bank.

9) In addition to the restrictions listed under paragraph 1 of this Article, the Governor may also require from the bank that implements a plan for improving the condition, to undertake any of the measures under Article 132 paragraph 2 and Article 133 paragraph 2 of this law.

2.2. Restriction of rights arising from shares

Article 137

(5) The Governor shall determine that the shareholder who acquired shares contrary to Article 59 of this Law and shares the issued approval for which was revoked as specified by Article 153 of this law shall not bear any voting right.
(6) The Governor shall require from the shareholder who acquired shares contrary to Article 59 of this law and from the shareholder whose issued approval was revoked as specified by Article 153 of this law, to dispose of the shares within a specified period which may not exceed 180 days, other than in cases of Article 59 paragraph 2 of this law, when the Governor may determine a longer period.
(7) If the shareholder referred to in paragraph 2 of this Article fails to dispose of the shares within the specified period, the Governor shall, within 8 days after the expiration of the specified period, determine that such shares shall not bear, in addition to the voting right, any right of payment of dividend and shall conduct a sale of the shares on behalf of the shareholder under paragraph 2 of this Article.
(8) Provided that in the period from adoption of the decision under paragraph 3 of this Article to the sale of shares, the bank paid a dividend to the other shareholders, it shall, within 8 days after receiving the notification on acquiring the shares, pay dividend to the new shareholder.
(9) The shareholder referred to in paragraph 2 of this law who fails to dispose of the shares within the set deadline shall not be or become a bank shareholder with qualified share in a bank.

Article 138

3) The sale of shares under Article 137 paragraph 3 of this law shall be conducted by a person authorized by the Governor, through a public Stock Exchange auction, according to the rules of an exchange authorized by the Securities and Exchange Commission.
4) The authorized person under paragraph 1 of this Article shall, within 8 days after the decision making for the purposes of Article 137 paragraph 3 of this Law, publish the date of holding the public stock exchange auction in the Official Gazette of the Republic of Macedonia and in

at least two daily newspapers.

5) In the announcement of the public stock exchange, the authorized person under paragraph 1 of this Article shall set the initial price of the shares, the requirements for acquiring a shareholder status in a bank stipulated by this Law and the deadline within which documentation should be submitted to the National Bank, proving the fulfillment of the previously listed requirements.
6) The initial price of shares shall be:
   (4) the average of the official daily average price of shares in the last three months prior to the decision making date under Article 137 paragraph 3 of this law, or
   (5) book value of shares, provided that in the last three months prior to the decision making date under Article 137 paragraph 3 of this law no transactions subject to sale have been registered. In this light, transactions in shares shall not include a block transaction and non-trade transfer of shares.
7) If no one accepts the initial price at the public stock exchange auction, at the following public stock exchange auction the shares shall be offered at a price by 10% lower than the initial one, with the sale price being reduced by another 10% until one or more investors express willingness to purchase the offered shares.
8) Simultaneously with the announcement for sale of the existing shares, the Governor shall issue an order to the Central Securities Depository to register a ban on holding the shares subject to sale by their owners.
9) Investors who obtained a prior approval by the Governor for fulfilling the requirements for acquiring a shareholder status in a bank in accordance with the provisions of this law and who submitted to the National Bank a written statement that they would pay-in the funds within the deadline indicated in the announcement referred to in paragraph 3 of this Article may participate at the public stock exchange auction.
10) The Governor shall make a decision within 30 days after the submission of the application for issuing an approval referred to in paragraph 3 of this Article.
11) The funds risen from the sale of shares less the costs for organizing and holding the public stock exchange auction shall belong to the shareholder referred to in Article 137 paragraph 3 of this Law.
12) The authorized person referred to in paragraph 1 of this Article shall sign the order for selling the shares at the public stock exchange auction.
13) The Central Securities Depositary shall abolish the ban under paragraph 6 of this Article after receiving a notification by the Governor that the public stock exchange auction is over.

3. Administration
Article 139

1) The Governor shall pass a decision on introducing an administration and appoint members to the administration - administrators in a bank if:
   (1) the circumstances has appeared that may seriously compromise the bank's solvency,
   (2) the bank and/or shareholders refuse to fulfill or fail to undertake proper activities for fulfilling the additional measures imposed by the Governor, thus compromising the liquidity and solvency of the bank,
   (3) the bank's Supervisory Board fails to submit a plan for improving the condition in the bank,
   (4) the National Bank rejects the plan for improving the condition in the bank,
   (5) the bank fails to implement the plan for improving the condition in the bank within the set periods,
   (6) the bank fails to reach the required level of own funds within the period set by the plan for improving the condition in the bank, and
   (7) the capital adequacy ratio of the bank drops below 50% of the level specified by this law.
2) The decision on introducing an administration in a bank shall determine the number of administrators, the authorizations of any administrator and the duration of the administration which may not be longer than one year after the date of submitting the decision to the bank

subject to administration, with a possibility to be prolonged for another 6 months. The decision authorizes one of the administrators to sign the decisions.

Article 140

(1) The administration shall consist of maximum of three administrators.
(2) Any person, including a person employed with the National Bank, who fulfills the requirements of this law that refer to a member of a bank's Board of Directors and an independent member may be appointed as an administrator.
(3) The administrators shall receive remuneration for their work defined by the Governor, and shall be paid by the bank subject to administration.
(4) The administrator shall not be held liable for damages to third parties that might arise from the implementation of the administration in a bank if they have acted in accordance with their duties and authorization and committed no felony.
(5) The Governor may restrict the bank's payment operations or exclude it from the payment operations for a certain period by adopting a decision on introducing an administration in a bank.
(6) The decision on introducing an administration in a bank shall be published in the "Official Gazette of the Republic of Macedonia" and in at least one daily newspaper and shall be submitted to the Trade Registry for registration.

Article 141

(1) All responsibilities of the Supervisory Board and the Board of Directors of the bank and the responsibilities of the General Meeting of Shareholders, other than the responsibility for adopting a decision on increasing the capital shall cease on the date of submitting the decision on introducing an administration to the bank, and shall be conferred to the administrators.
(2) On the date of submitting the decision on introducing an administration to the bank, only payments on order signed by the administrators may be made from the account of a bank subject to administration and excluded from the payment operations.
(3) On the date of submitting the decision on introducing an administration to the bank, the decisions on forced payment and other payment instruments on the burden of the account of the bank excluded from the payment operations, submitted to the National Bank shall be recorded and returned to the submitter within 3 days, with the bank being notified thereon.
(4) On the date of submitting the decision on introducing an administration to the bank, the forced payment decisions and other payment instruments on the burden of accounts maintained by the bank subject to administration and excluded from the payment operations, submitted to the bank shall be recorded and returned to the submitter within 3 days.

Article 142

(1) The administrators, when performing the duties specified by this law, shall have an access and control over the business premises, property, business records and other documentation of the bank and shall protect the property and the documentation of the bank.
(2) The members of the Supervisory Board and Board of Directors and the other persons with special rights and responsibilities that performed this function by that time, shall provide the administrators an access to the entire documentation of the bank, as well as supply them with all necessary information and additional reports on the bank's operations.
(3) If the administrators are hindered, in any way, from entering the premises of the bank, such access shall be enabled with the assistance of the Ministry of Internal Affairs.
(4) The administrators shall be entitled to remove any person who impedes their work, and when needed, they may also request assistance from the Ministry of Internal Affairs.
(5) The administrators shall, in their work, adhere to the laws and other regulations and observe the written instructions and guidelines provided by the Governor.

Article 143

(1) The administrators shall, within 21 days after the appointment determine the conditions in the bank.

(2) After the expiration of the period under paragraph 1 of this Article, the administrators shall submit a report on the condition of the bank to the Governor, including:
   5) Bank Rehabilitation Plan, or
   6) a proposal for revoking the founding and operating license, which may include a plan for transfer of the bank's assets and liabilities to other bank.

(3) The period for submitting the report under paragraph 2 item 1 of this Article may be even shorter, if determined by the decision under Article 139 paragraph 1 of this law.

(4) The National Bank Council shall more precisely set the requirements and the procedure for conducting the rehabilitation plan and the plan for transfer of the bank's assets and liabilities to other bank.

Article 144

(1) The rehabilitation plan shall include:
   (3) assessment of the amount of own funds, the bank's solvency and liquidity position,
   (4) assessment of the willingness of the bank's shareholders to invest additional capital for covering the bank's losses,
   (5) method of conducting the bank rehabilitation, and
   (6) calculation of the expenses incurred from the implementation of the administration-related activities.

(2) The bank rehabilitation plan may be implemented through one or more of the following methods:
   (6) by selling the bank's assets,
   (7) by increasing the bank's own funds by issuing shares for the creditors or for new investors as specified by this law,
   (8) by selling the shares, and
   (9) by status changes of the bank.

Article 145

The plan for transfer of the bank's assets and liabilities to other bank shall include at least:
   (1) assessment of the amount of own funds, the bank's solvency and liquidity position,
   (2) assessment of the value of the total assets and determination of the bank's liabilities,
   (3) assessment of the bank's assets and liabilities that would be transferred to other bank, and
   (4) effects of the transfer.

Article 146

(1) The Governor shall decide on the report referred to in Article 143 paragraph 2 of this law within 15 days from the date of receiving.

(2) In the decision making under paragraph 1 of this Article, the Governor shall be guided by the need to protect the interests of the bank's creditors, and the feasibility of the rehabilitation plan during the administration.

(3) Provided that the Governor approves the bank rehabilitation plan or the proposal for revoking the founding and operating license that includes a plan for transfer of the bank's assets and liabilities to other bank, they shall adopt a decision authorizing the administrators to undertake further activities for delivery of the plans.

(4) After being approved, the administrators shall implement the bank rehabilitation plan or the plan for transfer of the bank's assets and liabilities to other bank.

(5) Once the plan for transfer of the bank's assets and liabilities to other bank is being implemented, the Governor shall pass a decision on revoking the founding and operating license and for fulfilling the requirements for opening a bankruptcy proceeding in the bank.

(6) Provided that the Governor rejects the bank rehabilitation plan or approves the proposal for revoking the license for founding and operating a bank, they shall adopt a decision on revoking the founding and operating license and on fulfilling the requirements for opening a bankruptcy or implementing a liquidation procedure in the bank.

Article 147

(1) If the Governor determines, on the basis of the rehabilitation plan, that reaching of the set capital adequacy ratio requires an increase in the bank's own funds, they shall adopt a decision requiring from the administrators to convene a General Meeting of Shareholders and to propose to its shareholders to adopt a decision on covering the loss at the burden of the own funds and decision on increasing the bank's own funds

(2) The administrators shall publish the convening of the General Meeting of Shareholders in at least three daily newspapers within 8 days after receiving the decision referred to in paragraph 1 of this Article.

Article 148

(1) If the General Meeting of Shareholders rejects the proposal referred to in Article 147 paragraph 1 of this Law, or if the announced issue of shares in accordance with the decision adopted by the bank's General Meeting of Shareholders on the basis of the proposal referred to in Article 147 paragraph 1 of this Law fails, the Governor may adopt a decision authorizing the administrators to organize a sale of shares of the existing shareholders to investors willing to rehabilitate the bank.

(2) The sale of shares of the existing shareholders of the bank referred to in paragraph 1 of this Article to new investors shall be conducted by a public stock exchange auction, as required by this law.

(3) The administrators shall, within 90 days from the day of adopting the decision under paragraph 1 of this Article, announce the date of the public stock exchange auction in the Official Gazette of the Republic of Macedonia and in at least two daily newspapers.

(4) Within the period referred to in paragraph 3 of this Article, the administrators shall elect an auditing company to audit the financial statements of the bank and to determine the book value of the shares. The audit expenses shall be born by the bank.

(5) In the announcement for the public stock exchange auction, the administrators shall indicate the initial price of the shares which may not be lower than 70% of the book value determined in the audited financial statements of the bank, the amount of funds needed for recapitalization and the payment deadline, the requirements for acquiring a shareholder status in a bank as set by this law and the deadline for submitting the documentation to the National Bank proving that the aforementioned requirements are met.

(6) The order for selling the shares at public stock exchange auction shall be signed by the administrators.

(7) Simultaneously with the announcement for selling the existing shares, the Governor shall issue an order to the Central Securities Depositary to register a ban on holding the shares of the bank by their owners.

(8) Investors who

(4) have submitted an application and obtained a prior approval by the Governor for fulfilling the requirements necessary for acquiring a shareholder status in a bank as set by the provisions of this law, and

(5) have submitted a written statement to the National Bank to pay funds for bank recapitalization within the period set by the announcement under paragraph 5 of this Article may participate in a public stock exchange auction.

(9) If no one accepts the initial price at the public stock exchange auction, at the following public stock exchange auction the shares shall be offered at a price by 10% lower than the initial one, with the sale price being reduced by another 10% until one or more investors express willingness to purchase the offered shares. The decrease may not be below 50% of the initial price.

(10) The Governor shall decide on the application for issuing an approval referred to in paragraph 8 item 1 of this Article, within 30 days from the day the request is submitted.

(11) The funds risen from the sale of shares less the costs for organizing and holding the public stock exchange auction shall belong to the shareholders of the bank.

(12) The Central Securities Depositary shall abolish the ban referred to in paragraph 7 of this

Article, once the Governor informs it that the public stock exchange auction is over, that the new investors settled the assumed liabilities to the former shareholders and recapitalized the bank, if there is such a requirement.

Article 149

(1) The administrators shall, by the 15th in the current month, submit an operations report and report on the course of implementation of the bank rehabilitation plan for the preceding month.
(2) The report under paragraph 1 of this Article shall contain an assessment of the amount of own funds and the solvent and liquidity position of the bank during the administration and calculation of the expenses incurred by the implementation of the administration.
(3) In addition to the report under paragraph 1 of this Article, the administrators shall also submit other reports in line with the needs and requests of the National Bank.

Article 150

(1) If the Governor finds that the bank rehabilitation plan has been fulfilled and that the financial position of the bank has improved and the bank reached the required amount of own funds and capital adequacy ratio set under this law, as well as that the bank is capable of settling its due liabilities, they shall order the administrators to summon the bank's General Meeting of Shareholders.
(2) At the bank's General Meeting of Shareholders, the shareholders shall nominate members of the bank's Supervisory Board and shall submit an application for obtaining a prior approval for their appointment to the National Bank. Upon obtaining prior approval by the Governor, the Supervisory Board shall submit an application to the Governor for obtaining a prior approval to appoint members of the bank's Board of Directors. On the date the members of the Board of Directors are registered in the Trade Registry, the administration and the authorizations of the administrators shall cease.

Article 151

If the Governor finds that during the administration, the financial position of the bank in terms of Article 150 paragraph 1 of this law have not improved, they shall make a decision on revoking the founding and operating license and on opening a bankruptcy proceeding or initiating liquidation procedure in the bank.

Article 152

(1) The function of the administrator shall cease:
8) after the expiration of the term of their appointment,
9) in case of their resignation,
10) in case of death,
11) in case of their dismissal, and
12) in case of termination of the administration.

(2) The Governor shall make a decision on dismissing a member of the administration:

(3) if the member fails to implement the bank rehabilitation plan,
(4) in case of lengthy severe disease that prevents them from carrying out the duties,
(5) in case of loss of the working ability,
(6) if the court has ruled a ban on carrying out a profession, activity or duty and
(7) in case they are convicted of a crime.[4]

(3) The discontented party may seek a protection by the competent court against the decision referred to in paragraph 2 of this Article.

[4] Article 152 paragraph 2 item 5 is abolished with Decision of the Constitutional Court of the Republic of Macedonia no.182/2007 dated 09.07.2008 (Official Gazette of Republic of Macedonia no.88/2008).

4. Revocation of approvals

Article 153

The Governor shall revoke the approval for acquiring shares in a bank, the approval for appointing a member of the Supervisory Board and the Board of Directors and for performing financial activities that require special approval if:

(3) such approval was obtained on the basis of false data,
(4) in the period after the issuance of the approval receives a documented evidence that any of the requirements specified under Articles13, 18, 57, 59, 83, 88 and 92 of this law are no longer fulfilled,
(5) a member of the Supervisory Board and/or Board of Directors, individually or jointly, does not operate in line with the submitted plan of activities and fails to implement the bank's business and development policy, and
(6) a member of the Supervisory Board and/or Board of Directors cuts across the responsibilities defined by this law.

5. Revocation of a founding and operating license and license for status changes

Article 154

(1) The Governor shall adopt a decision on revoking the license for founding and operating a bank or the license for status changes in the case:

1) such license was obtained on the basis of false data,
2) the bank failed to adopt a statute within 30 days upon receipt of the decision stipulated under Article 20 paragraph 5 of this Law, i.e. it failed to make a decision on status changes within 45 days from obtaining the decision referred to in Article 22 paragraph 3 of this Law,
3) the bank failed to submit an application for registration in the Trade Registry within the specified period,
4) the bank failed to commence operating within 90 days following the issuance of the founding and operating license,
5) the bank performs financial activities for which it did not obtain a license, i.e. consent by the Governor,
6) the bank fails to meet the technical, organizational, personnel and other requirements for conducting banking activities, as specified by the provisions of this law and regulations adopted on the basis of this law,
7) the bank performs no financial activities for more than six months,
8) the effective decision of a competent authority determines that the bank has been involved in money laundering and other felonies,
9) the terms for introducing a bankruptcy or liquidation procedure in the bank have been fulfilled, as specified by this law,
10) for the purposes of covering the losses, the bank's initial capital dropped below the level set in Article 14 paragraph 1 of this Law, and the bank, along with the decision on reducing failed to adopt a decision on increasing the initial capital or failed to register or pay in the initial capital within 90 days after the adoption of the decision,
11) the conduct of efficient supervision of the National Bank is impaired,
12) the bank fails to implement or acts contrary to the measures imposed by the National Bank,
13) the number of members of the Supervisory Board and/or Board of Directors dropped below the minimum set by the law, and the bank failed to submit an application for obtaining a prior approval for appointing a member of the Supervisory Board i.e. Board of Directors for a period longer than 60 days after the termination of the term,
14) the bank failed to obtain a consent for a member of the Board of Directors or the Supervisory Board or failed to nominate a member of the Board of Directors or Supervisory Board who fulfils the requirements under this Law for a period longer than 6 months.

1) The Governor shall also adopt a decision on revoking the license for founding and operating license in the cases under Article 146 paragraphs 5 and 6 and Article 151 of this

Law.

2) From the date of adoption of the decision on revoking the founding and operating license referred to in paragraph 1 of this Article to the date of effectiveness of the court decision on introducing a bankruptcy proceeding in a bank, i.e. to the date of registering the liquidation trustees in the Trade Registry, the bank shall be excluded from the payment operations, and shall cease performing all activities, other than claim collection.

5.1. Notification on issuing and revoking a license

Article 155

(1) The National Bank shall notify the Ministry of Finance in writing on any issuance and revocation of a license for founding and operating a bank and status changes within five days after the date of adoption of the decision on issuing, i.e. revoking the license.

(2) The notification under paragraph 1 of this Article shall contain:

1. name and head office of the bank,
2. name of the members of the Board of Directors,
3. name of natural persons, i.e. name and head office of the legal entities - shareholders of the bank holding voting shares of more than 5% of the total number of voting shares,
4. financial activities performed by the bank,
5. date of issuance, i.e. revocation of the license, and reasons for revoking the license.

(3) The National Bank shall also notify the Ministry of Finance on each change in the data referred to in paragraph 2, items 1, 2, 3, 4 and 5 of this Article.

Article 156

The National Bank shall immediately announce the decision on issuing i.e. revoking a license for founding and operating a bank in the mass media and its web site.

XVI. BANKRUPTCY PROCEEDING

Article 157

(1) The Governor shall pass a decision on fulfillment of the requirements for opening bankruptcy proceeding in a bank.

(2) The Governor shall pass the decision under paragraph 1 of this Article in the cases listed in paragraph 4 of this Article, ex officio, upon proposal of the creditors and of the bank.

(3) The Governor shall decide on the proposal of the creditors and of the bank, stipulated in paragraph 2 of this Article, within 15 days from the submission of the proposal.

(4) Bankruptcy procedure shall be initiated in the following cases:

1. when a bank is insolvent,
2. the administrator report, or the implementation of the rehabilitation plan show that the bank is insolvent, or
3. the liquidation procedure shows that the bank's assets are insufficient to pay all the claims of its creditors.

(5) The bank is insolvent when:

1. the capital adequacy ratio is below one fourth of that specified under Article 65 of this Law, or
2. it is unable to settle its due liabilities uninterruptedly for more than ten days.

(6) The provisions under paragraph 4, item 1 of this Article shall not be applied when during the administration the bank is excluded from the payment operations.

(7) Only the Governor may file a proposal for opening bankruptcy proceeding in a bank to a competent court, in accordance with this law. The proposal for opening bankruptcy proceeding in a bank to a competent court shall be submitted on the first working day after the adoption of the decision on fulfillment of the requirements for opening bankruptcy proceeding in a bank. The proposal for opening bankruptcy proceeding in a bank shall also enclose decision of the Governor on fulfillment of the requirements for opening a bankruptcy proceeding in a bank.

(8) The court shall adopt a decision on the proposal for opening a bankruptcy proceeding in a bank within 3 working days from the receipt of the proposal under paragraph 7 of this Article, without conducting prior procedure.
(9) The provisions of the Bankruptcy Law shall respectively apply to the bank bankruptcy proceeding, unless otherwise set under this Law.

Article 158

(1) From the day the Governor passes the decision on fulfillment of requirements for opening a bankruptcy proceeding to the effectiveness of the court decision on opening bankruptcy proceeding in the bank, the Governor shall, in order to protect the property of the bank, adopt a decision on appointing at least one authorized officer in the bank.
(2) The rights and duties of the authorized officer referred to in paragraph 1 of this Article shall be determined in the decision on appointment.

Article 159

(1) The decision on fulfillment of the requirements for opening a bankruptcy proceeding in a bank shall be submitted to the bank which fulfilled the requirements for opening a bankruptcy proceeding, to the bank which assumed the payment of insured deposits, to the proposer referred to in Article 157 paragraph 2 of this Law, to the Deposit Insurance Fund and to the Ministry of Finance, within 3 days from the day of adoption.
(2) The National Bank shall publish the decision on fulfillment of the requirements for opening of a bankruptcy proceeding in a bank through the mass media and display it on a noticeable place in the bank.

Article 160

(1) A person who fulfills the requirements referred to in the Bankruptcy Law and who, in accordance with the provisions of this Law, fulfills the requirements for member of the Board of Directors of a bank may be appointed as a bank bankruptcy trustee.
(2) If during the bankruptcy proceeding conditions are created for dismissal of the bankruptcy trustee, the court shall obtain an opinion of the Governor on the appointment of a new bankruptcy trustee. The Governor shall submit the opinion within three days from receiving the request from the court.

Article 161

(1) The bankruptcy trustee shall record the balance of all claims and liabilities of the bank under bankruptcy on the day of opening the bankruptcy proceeding and submit the records to the National Bank within 10 days upon publishing of the announcement for opening a bankruptcy proceeding in the "Official Gazette of the Republic of Macedonia".
(2) The records referred to in paragraph 1 of this Article shall be inspected by the National Bank and submit them to the bankruptcy court and to the Deposit Insurance Fund, within 10 days upon the receipt.

Article 162

(1) The period for reporting creditors' claims, determined by the court's decision for opening a bankruptcy proceeding in a bank, shall not exceed 20 days.
(2) The period from paragraph (1) of this Article shall not pertain to the claims of legal entities and natural persons on the basis of deposits in the bank and they shall be considered reported on the day of opening the bankruptcy proceeding in the bank.
(3) If the National Bank is creditor in a bankruptcy proceeding of a bank, the National Bank shall propose one of the members of the Board of Creditors.

Article 163

(1) On the day of opening the bankruptcy proceeding, the claims of natural persons on the bank under bankruptcy on the basis of a deposit up to the insured deposit amount in accordance with the Law on the Deposit Insurance Fund shall cease.

(2) Prior to refunding the creditors, the costs for the proceeding including the costs of the bank, which takes over the deposit operations of the bank under bankruptcy, shall be deducted from the bankruptcy estate.
(3) The claims of the Deposit Insurance Fund on the basis of payment of insured deposits shall be settled before the claims of all other creditors.

Article 164

Any sale of assets of the bank under bankruptcy shall be previously approved by the Board of Creditors.

Article 165

(1) The provisions of the Bankruptcy Law regulating the reorganization procedure and personal management shall not apply in a bankruptcy proceeding of a bank.
(2) The provisions of the Bankruptcy Law that regulate the refuting of legal action shall not apply to the legal actions undertaken during the administration, unless the effective court decision determines that they served for committing a felony.

Article 166

A copy of all reports of the bankruptcy trustee regarding the economic and financial position of the bank under bankruptcy and the course of the bankruptcy proceeding shall be submitted to the National Bank.

Article 167

If assets remain in the bankruptcy estate after the completion of the bankruptcy proceeding and settlement of all claims of creditors, those assets shall be divided among the shareholders of the bank.

XVII. LIQUIDATION PROCEDURE

Article 168

The liquidation procedure shall be initiated in a bank when:

1. the shareholders pass a decision on termination of the bank's operations, and there are no conditions for bankruptcy, and
2. the National Bank revokes the founding and operating license of a bank, and there are no conditions for bankruptcy.

Article 169

(1) The shareholders can pass the decision referred to in Article 168 paragraph 1 item 1 of this Law, upon prior consent of the Governor.
(2) The application submitted by the shareholders to the National Bank for obtaining the consent referred to in paragraph 1 of this Article shall contain information on the following:

1. the reasons behind the intention of the shareholders to make a decision for termination of the bank's operations,
2. the level of the bank's own funds as of the last date of notification to the National Bank before passing the decision on terminating the bank's operations,
3. estimate of the level of assets remaining after the completion of the liquidation procedure.

(3) The Governor shall decide on the application for obtaining the consent referred to in paragraph 2 of this Article within 30 days from the date of submission of the application.
(4) The application under paragraph 2 of this Article shall underlie the decision of the Governor on determining the conditions for introducing a liquidation procedure or on refusing the application if considered that that bank's property is insufficient for settlement of the liabilities to all creditors of the bank.

Article 170

(1) The Governor shall pass a decision on determining the conditions for carrying out liquidation proceeding in a bank in the instances referred to in Article 168 of this Law.

(2) The National Bank shall submit the decision referred to in paragraph 1 of this Article to the competent court which will carry out the liquidation procedure in accordance with the provisions of Section XVI Bankruptcy Proceeding of this Law.
(3) From the date the Governor passes the decision on fulfillment of requirements for opening a liquidation procedure to the date of opening the liquidation procedure in the bank, the Governor shall, in order to protect the property of the bank, appoint at least one authorized officer in the bank.
(4) The rights and duties of the authorized officer referred to in paragraph 3 of this Article shall be determined by the decision on appointment.

XVIII. ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT)

Article 171

(1) The banks shall act pursuant to the regulations on anti-money laundering and combating the financing of terrorism.
(2) The National Bank shall conduct supervision on AML/CFT systems in the bank.

XIX. SAVINGS HOUSES

Article 172

(1) Savings houses established and operating until the day of effectiveness of this Law shall continue operating in the manned and under terms as defined by the founding and operating licenses, the provisions of this Law and the individual acts adopted by the Governor.
(2) The following provisions of Chapters I, III, parts 2, 4, 6 and 7, Chapter VII, parts 1, 2 and 3, Chapter VIII parts 1, 2 and 3, Articles 70, 71, 72, 73 and 74, paragraphs 1 and 2, and parts 4 and 6, Chapter IX, Articles 83 and 85 and parts 6 and 8, Chapters X, XI, XII, XIII, XIV, XV parts 1, 2, 4 and 5, Chapters XVI, XVII, XVIII, XX and XXI of this law shall respectively apply to the savings houses under paragraph 2 of this Article:
(3) Upon prior license obtained from the Governor, the savings houses referred to in paragraph 1 of this Article may transform into banks and perform the following status changes: merger of savings houses for the purposes of founding a bank and acquisition of a savings house by a bank.
(4) Merger of savings houses for the purposes of founding a bank shall mean merger of two or more savings houses without any liquidation, by founding a bank which will overtake the overall assets and liabilities of the merged savings houses, in exchange for the shares of the founding bank.
(5) Acquisition of a savings house by a bank shall mean an acquisition of one or more savings houses by a bank, transferring the overall assets and the liabilities of the acquired savings house(s), without any liquidation, in exchange for shares of the acquiring bank.
(6) Transformation of a savings house into a bank shall mean reorganization of a savings house into a bank without any liquidation.
(7) The provisions of the Company Law shall respectively apply to the procedure of transformation of a savings house into a bank and in the procedure of status changes of a savings house.
(8) The National Bank Council may determine in detail the application of the provisions under paragraph 2 of this Article to savings houses.

XX. DECISION-MAKING, COURT PROTECTION AND SUBMISSION PROCEDURES

1. Decision-making procedure

Article 173

Provisions from the Law on General Administrative Procedure shall respectively apply in the decision-making procedure in accordance with the provisions of this Law, unless otherwise stipulated by this law.

Article 174

The decisions of the Governor passed on the basis of this Law shall not be subject to appeal and shall be final in an administrative procedure.

2. Court protection procedure

Article 175

Administrative dispute can be initiated against the decisions of the Governor passed on the basis of this Law, in accordance with the Law on Administrative Disputes.

Article 176

(1) The appeal against the decisions passed on the basis of this Law shall be lodged within 30 days from the day of the receipt of the decision.
(2) The person lodging the appeal referred to in paragraph 1 of this Article may not indicate new facts and bring new evidence in the procedure to the court.[5]

Article 177

The appeal against the decisions for revoking the founding and operating license, i.e. the decisions on determining the existence of requirements for initiating bankruptcy proceeding or requirements for implementing liquidation procedure in a bank may be lodged by:

(7) the bank,
(8) the shareholders holding shares in an amount of at least one tenth of the amount of the initial capital specified under Article 14 paragraph 1 of this Law.

Article 178[6]

(1) The person lodging the appeal may indicate new facts and bring new evidence in the procedure to the court, if the appeal is lodged against a decision on initiating administration and revoking the founding and operating license, i.e. decision on determining the existence of requirements for initiating bankruptcy proceeding or requirements for initiating liquidation procedure in a bank.
(2) If the person lodging the appeal referred to in paragraph 1 of this Article refers to new evidence, they shall enclose them with the appeal.
(3) In the cases referred to in paragraph 1 of this Article, the National Bank, in its response to the appeal, may indicate new facts and bring new evidence.
(4) If, in its response to the appeal referred to in paragraph 1 of this Article, the National Bank refers to new evidence, it shall enclose them with the response to the appeal.
(5) After the expiry of the deadline for lodging the appeal referred to in paragraph 1 of this Article or the response to the appeal referred to in paragraph 3 of this Article, the parties shall not be entitled to indicate new facts or bring new evidence.

Article 179

(1) In a procedure based on an appeal lodged against a decision of the Governor on:

1) introducing an administration in a bank,
2) non-issuance or revocation of the license for founding and operating a bank, or
3) determining the existence of requirements for initiating bankruptcy or liquidation procedure in a bank,

the court shall examine the legitimacy of the disputed act in accordance with the law.
(2) When the court accepts the appeal, it shall not annul the disputed act, but only ascertains its illegitimacy, and the person submitting the appeal may, through the court, initiate a procedure for claiming damages by the National Bank.[7]

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[5] Article 176 paragraph 2 is abolished with Decision of the Constitutional Court of the Republic of Macedonia no.149/2008 dated 11.03.2009 (Official Gazette of Republic of Macedonia no.42/2009).

[6] Article 178 is abolished with Decision of the Constitutional Court of the Republic of Macedonia no.149/2008 dated 11.03.2009 (Official Gazette of Republic of Macedonia no.42/2009);

[7] Article 179 paragraph 2 is abolished with Decision of the Constitutional Court of the Republic of Macedonia no.228/2007 dated 09.07.2008 (Official Gazette of Republic of Macedonia no.88/2008).

3. Submission procedure

Article 180

(4) (1) The submission of the correspondence (summons, the decision, conclusions and other official acts) shall be made:

(1) by mail,

(2) by handing from the National Bank, and

(3) by public announcement.

(5) (2) The correspondence shall be submitted in an order specified under paragraph 1 of this Article.

XXI. PENALTY PROVISIONS

1. Felonies

Article 181

(1) Any natural person who, in their work, violated the provisions of this Law, thus contributing to the initiation of a bankruptcy proceeding in a bank and inflicting damage to the creditors of that bank, shall be sentenced from 3 to 10 years of imprisonment, i.e. if the felony is committed by a legal entity it shall be fined.

(2) When defining the sentence under paragraph 1 of this Article, special consideration shall be given to the extent of the damage, number of impaired parties and the consequences of the bankruptcy proceeding to the economic system in the country.

(3) The financial benefit obtained by the felony under paragraph 1 of this Article shall be confiscated by a court decision.

Article 182

(1) Natural person using the word bank contrary to Article 4 of this Law, thus inflicting damage to other persons, shall be sentenced from five to ten years of imprisonment, i.e. if the felony is committed by the legal entity, it shall be fined.

(2) When defining the sentence under paragraph 1 of this Article, special consideration shall be given to the extent of the damage, number of impaired entities and the consequences to the financial system in the country.

(3) The financial benefit obtained by the felony under paragraph 1 of this Article shall be confiscated by a court decision.

Article 183

(1) Any natural person accepting deposits contrary to Article 5 of this Law, thus inflicting damage to other persons, shall be sentenced with at least five years of imprisonment, and if the felony is committed by a legal entity, it shall be fined.

(2) When defining the sentence under paragraph 1 of this Article, special consideration shall be given to the extent of the damage, number of impaired entities and the consequences to the overall financial system.

(3) The financial benefit obtained by the felony under paragraph 1 of this Article shall be confiscated by a court decision.

1. Infractions and sanctions

Article 184

(1) The National Bank shall conduct an infraction procedure and impose sanction for the infractions specified by this law.

(2) The infraction procedure under paragraph 1 of this Article to the National Bank shall be conducted by the Committee on making decision on the infraction (hereinafter: Infraction Committee) composed by officers employed with the National Bank, appointed by the Governor.

(3) The Governor shall adopt a bylaw determining the number, the required education level and the work experience of the members of the Infraction Committee.

(4) The members of Infraction Committee shall be appointed for a term of 5 years, and entitled to reappointment.
(5) Only graduate lawyer who passed the bar exam may be elected as a President of Infraction Committee.
(6) The Infraction Committee shall set out operating rules and procedures, previously approved by the Governor.

Article 185

(1) A member of the Infraction Committee shall be dismissed:
1. after the expiration of their term,
2. on their request,
3. if they meet the requirements for old-age retirement, in accordance with law,
4. if found to be permanently incapable,
5. if found to violate the regulations concerning the conduct of infraction procedure with effective decision,
6. if they failed to meet the obligations arising from the operations in the Infractions Committee,
7. if they failed to report an existence of conflict of interests on cases subject to decision making by the Infraction Committee.

(2) The proposal for dismissal of a member of the Infraction Committee shall be submitted to Governor.
(3) The members of the Infraction Committee shall be independent in their work and make decisions based on their knowledge and own discretion.
(4) The decision of the Infraction Committee shall be considered passed if voted for by majority members of the Infraction Committee.

Article 186

(1) The persons authorized by the Governor to conduct supervision of a bank shall offer, within their authorizations, to the perpetrator of any infraction specified by this law, an intermediation and agreement for the perpetrator of the infraction to pay the fine and other taxes or to eliminate the damages arising from the infraction.
(2) The perpetrator of the infraction shall, within 3 days after the receipt of the offer under paragraph 1 of this Article, render a written consent for initiation of intermediation procedure.
(3) The intermediation procedure shall be conducted to the Intermediation Committee established by the Governor.
(4) The Governor shall adopt a bylaw specifying the number, the required education level and the work experience of the members of the Intermediation Committee.
(5) The Intermediation Committee shall work at sessions, attended by representatives of the perpetrator of the infraction.
(6) An agreement shall be compiled on the concluded consent on intermediation, indicating the consent of both sides.
(7) The agreement shall specify the obligations for the perpetrator of the infraction, in particular:
1. the level and the manner of paying the fine,
2. the level and the manner of paying other taxes and expenses,
3. the measures which are to be undertaken by the perpetrator of the infraction in order to eliminate the damages arising from the infraction.

(8) The agreement under paragraph 6 of this Article shall enjoy a power of executive document.
(9) The Governor shall adopt rules and procedures and expense report for the work of the Intermediation Committee. The amount and the type of expenses specified by the expense report shall be determined on the basis of the actual costs of the National Bank for facilitating the work of the Intermediation Committee.
(10) The Intermediation Committee shall keep records on the initiated intermediation procedures and their outcome.

Article 187

(1) A bank shall be fined for infraction in the amount of Denar equivalent from Euro 15.000 to Euro 20.000 if it:

1. directly performs operations from the area of industry, trade, or other non-financial activity (Article 7 paragraph 2),
2. fails to issue a document or fails to keep records on every pay-in and -out from a deposit account (Article 10),
3. fails to disclose a copy of the Governor's decision on license for founding and operating a bank, the interest rates in effect, the general terms for operating with deposits of natural persons and the type and the amount of the deposit guarantee for natural persons (Article 11),
4. fails to maintain the amount of the capital (Article 14),
5. the amount of preference shares in the bank exceeds the percentage prescribed in Article15 paragraph 1 of this Law,
6. performs financial activities that are not listed in the decision on issuing a founding and operating license (Article 20, paragraph 5),
7. fails to submit an application for status changes of a bank to the National Bank or makes status changes without a license for status changes (Article 22, paragraph 1),
8. fails to submit a revised text of the statute to the Trade Registry within 8 days after the adoption of the decision on amending the statute (Article 24, paragraph 4),
9. fails to submit an application for registration of the status change in the Trade Registry within 15 days after the adoption of the decision on status changes (Article 25),
10. fails to submit a copy of the decision on registration to the National Bank within 15 days after the registration in the Trade Registry (Article 26),
11. fails to submit an application and fails to obtain an approval by the National Bank pursuant to Article 57 of this Law,
12. executes a purchase order i.e. transaction in shares of a bank for which no approval by the Governor has been presented (Article 59 paragraph 3),
13. fails to notify the National Bank on the instances and within the periods specified under Article 61 of this Law,
14. fails to adjust the amount of own funds, or fails to maintain the adequacy ratio according to this law and the methodology for calculating the bank's own funds (Articles 64 and 65),
15. fails to prescribe the risk management criteria, manner and methods and the capital adequacy assessment by the general acts and the internal procedures, or the general acts and the internal procedures do not cover the minimum risks defined by this law (Article 66),
16. fails to maintain the exposure to separate types of risks within the limits prescribed by this Law and bylaws (Article 67)
17. fails to observe or fails to fulfill the minimum supervisory standards for adequate risk management (Article 68),
18. fails to correct the value, i.e. fails to allocate special reserves in a manner and amount set by the National Bank Council (Article 69),
19. fails to maintain the exposure within the limits or fails to observe the procedure, requirements and the manner of extending credits or other forms of exposures defined by Article 70 to 74 of this law,
20. buys back own shares, contrary, or fails to dispose of the own shares according to Articles 75 and 76 of this law,
21. invests contrary to or exceeds the limits determined by Article 78 of this Law
22. fails to maintain the liquidity in the operations and fails to manage the liquidity risk as specified by Articles 79 and 80 of this Law,
23. fails to maintain open currency position as specified by the methodology of the National Bank Council (Article 81),
24. the bank management is not in accordance with the provisions of this law and the rules for good corporate management adopted by the National Bank Council (Article 82),

25. appoints a person with special rights and responsibilities in the bank who does not meet the requirements under Article 83 of this law,
26. fails to convene the General Meeting of Shareholders within the periods or fails to submit the adequate date as specified by Article 87 of this Law,
27. appoints a member of the Supervisory Board who does not meet the requirements specified by Article 88 paragraph 2 of this Law,
28. appoints a member of the Risk Management Committee who does not meet the requirements specified by Article 90 paragraph 3 of this Law,
29. appoints a member of the Auditing Committee contrary to the requirements specified by Article 91 of this Law,
30. appoints a member of the Board of Directors who does not meet the requirements specified by Article 92 of this Law,
31. the Supervisory Board, the Risk Management Committee, the Auditing Committee, the Board of Directors, the Internal Audit Department and the Compliance Officer/Department do not act or act contrary to the manner and terms specified by this law,
32. acts contrary to the provisions on reports, accounting and audit of Article 101 to 110 of this law,
33. fails to keep and protect a bank secret or fails to be disclosed as specified by Article 111 to 112 of this Law,
34. concludes an agreement limiting the free market principle and limiting the bank competitiveness (Article 113),
35. disables the National Bank when conducting supervision of the bank or consolidated supervision of the banking group or fails to fulfill the obligations arising from the supervision or consolidated supervision according to the responsibilities of the National Bank defined by this law,
36. fails to provide the reports, information and other data defined by Article 117 of this Law for the purposes of bank supervision,
37. fails to establish and maintain adequate risk management systems, internal control, reporting and accounting for the purposes of identifying, measuring, monitoring and control of the transactions with other entities in the banking group (Article 119 paragraph 3),
38. fails to compile, submit or submits incomplete reports on the banking group as specified by Article 122 of this law for the purposes of consolidated supervision,
39. fails to consolidate or fails to report or reports contrary to Article 123,124 paragraph 3, Article 125 paragraph 5 and 6, and Article 126 paragraph 1 of this law,
40. fails to act or acts contrary to the measures imposed by the Governor in line with the provisions of this law.

(2) Responsible person in a bank shall also be fined in the amount of Denar equivalent of Euro 4.000 to Euro 6.000 for infractions under paragraph 1 of this Article.

(3) The infractions under paragraphs 1 and 2 of this Article shall respectively apply to savings houses and responsible persons in savings houses.

Article 188

(1) Fine in the amount of Denar equivalent of Euro 10.000 to Euro 15.000 shall be charged for infraction:

1. made by a brokerage house or stock exchange for executing purchase order i.e. transaction in bank's shares for which no approval of the Governor has been presented (Article 59 paragraphs 3),
2. made by a legal entity acquiring shares in a bank contrary to Article 59 of this Law,
3. if a legal entity fails to notify the National Bank that it, directly or indirectly, reduced the total number of shares or the total number of issued voting shares in a bank below 5%, 10%, 20%, 33%, 50% or 75% in the bank, at least one month prior to the reduction of its holding (Article 62),

4. if the legal entity conclude agreement on joining the voting rights arising from the shares in the bank and fails to notify National Bank within 5 days after the conclusion of the agreement (Article 62 paragraph 2),
5. if an auditing company conducts an audit contrary to Article 105 paragraph 5 and Article 106, fails to submit notifications in accordance with Articles 107 and 108 and fails to make the workpapers from the audit of a bank available to the National Bank according to Article 108 of this law,
6. a financial holding company acts contrary to the provisions of Article 118 paragraph 7, Articles 124 and 126 paragraph 2 of this law,
7. if legal entity, which is a subordinated entity according to the provisions of this Law, fails to observe Articles 124 and 126 paragraph 2 of this law, and
8. if the legal entity referred to in Article 125 paragraphs 1 and 2 acts contrary to Article 125 paragraph 4 of this law.

(2) The responsible person in the legal entity referred to in paragraph 1 of this Article shall also be fined in the amount of Denar equivalent of Euro 3,000 to Euro 5,000 for the infractions under paragraph 1 of this Article.

Article 189

(1) The person with special rights and responsibilities in the bank shall be fined in the amount of Denar equivalent of Euro 6,000 to Euro 10,000 for infractions if:

1. determined that a decision of the bank's body is contrary to the law, and fails to inform the Supervisory Board and the National Bank (Article 84),
2. fails to notify the National Bank in accordance with Article 94 paragraph 4, 5, 6, 7 and Article 98 of this law,
3. fails to organize an Internal Audit Department in the bank (Article 95 paragraph 1),
4. fails to appoint a compliance officer or establish a compliance department (Article 99),
5. fails to act or acts contrary to the provisions concerning conflict of interests under Article 100 of this law.

(2) The infractions under paragraph 1 of this Article shall respectively apply to responsible persons in savings houses.

Article 190

A natural person shall be fined for infraction in the amount of Denar equivalent of Euro 3,000 to Euro 6,000 if they:

1. acquire shares in a bank contrary to the manner and terms specified under Article 59 of this law,
2. if a natural person fails to notify the National Bank that they, directly or indirectly, reduced the total number of shares or the total number of issued voting shares in a bank below 5%, 10%, 20%, 33%, 50% or 75% in the bank, at least one month prior to the reduction of its holding (Article 62), and
3. if the natural person conclude agreement on joining the voting rights arising from the shares in the bank and fails to notify National Bank within 5 days after the conclusion of the agreement (Article 62 paragraph 2),

Article 191

(1) The infractions procedure under this Law may not be conducted two years after the perpetration of the infraction.

(2) The expiration of the period shall be terminated with each process activity of the National Bank undertaken for prosecution of the perpetrator of the infraction.

(3) After each termination of the period of paragraph 2 of this Article, the expiration period shall start running anew, but the procedure for the infractions may neither be initiated nor conducted 4 years after the perpetration of the infraction.

Article 192

The penalty provisions of this law shall also apply to foreign persons that perpetrated the act on the territory of the Republic of Macedonia and to foreign banks branches, and to the persons with special rights and responsibilities in the foreign banks branches.

XII. TRANSITIONAL AND CLOSING PROVISIONS

Article 193

(1) Banks established and operating by the day this Law enters into force shall continue their operations in a manner and under the terms indicated in the founding and operating licenses and the individual acts passed by the Governor.
(2) Banks shall comply with the provisions of this Law pertaining to the statute, the amount of the initial capital, the financial activities, and the bank bodies, within a period of eighteen months from the day this Law enters into force.
(3) The banks shall, within 12 months before the expiry of the period under paragraph 2 of this Article, submit to the National Bank an application for issuance of approval for harmonization of the Statute, application for issuance of approval for the existing or for appointing new members of the Supervisory Board and application for an approval for harmonization of the financial activities which, as specified by this law, require prior approval.
(4) The Governor shall revoke the founding and operating license of the banks that fail to harmonize, within the period under paragraph 2 of this Article, i.e. fail to acquire an approval for the Statute and for the members of the Supervisory Board or fail to adjust the level of the initial capital.
(5) The members of the bank's executive body who perform this function, until this Law enters into force, shall continue performing the function of members of the bank's Board if Directors pursuant to the provisions of this Law, without an approval of the Governor only to the expiration of the period the approval for their appointment as members of the bank's executive body refer to.
(6) The existing shareholders with qualified holding in a bank shall, for the purposes of complying with the provisions of this law concerning the acquisition of shares in a bank, submit to the National Bank an application for obtaining an approval within four months after the date of effectiveness of this Law.

Article 194

(1) The application for issuing licenses for founding and operating a bank and for issuing approvals submitted to the National Bank before the day this Law enters into force, shall be completed in accordance with the provisions of the Banking Law ("Official Gazette of the Republic of Macedonia" no. 63/2000, 103/2000, 37/2002, 51/2003 and 85/2003).
(2) By the day the decision on appointing a conservator or introducing a receivership in a bank is abolished, adopted before the day this Law enters into force, the conservator or receiver shall exercise their rights and authorizations in accordance with the decision of the National Bank and with the provisions of the Banking Law ("Official Gazette of the Republic of Macedonia" no. 63/2000, 103/2000, 37/2002, 51/2003 and 85/2003).
(3) Bankruptcy proceedings and liquidation procedures in a bank initiated before the date this Law enters into force will be completed according to the regulations valid before the date this Law enters into force.

Article 195

The provisions of Section IV - Branches of Banks from European Union Member-States shall be applied starting from the day the Republic of Macedonia becomes a full member of the European Union. By the time the Republic of Macedonia acquires full membership in the European Union, the branches of banks from European Union member-states shall be subject to the provisions of the Section V - Foreign Bank Branches.

Article 196

On the date this Law enters into force, the Banking Law ("Official Gazette of the Republic of Macedonia" no. 63/00, 103/00, 37/02, 51/03 and 85/03) shall cease being valid, other than the provisions of Article 122 pertaining to Section II - Savings Houses of the Law on Banks and Savings

Houses ("Official Gazette of the Republic of Macedonia" no. 31/93, 78/93, 17/96, 37/98 and 25/2000).

Article 197

The National Bank shall adopt the bylaws arising from this Law within nine months from the date this Law enters into force, other than the bylaws related to Section V - Foreign Bank Branches, which are to be adopted within three months from the date this Law enters into force.

Article 198

This Law shall enter into force on the eighth day from the date of its publishing in the "Official Gazette of the Republic of Macedonia".

The claims of legal entities and natural persons on the basis of bank deposits in the bankruptcy or liquidation proceedings initiated by the day this Law entered into force, shall be considered reported.

-ANNEX 8-

Pursuant to Article 64 paragraph 1 item 22 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 3/2002, 51/2003, 85/2003, 40/2004, 61/2005 и 129/2006) and Article 46 paragraph 5 of the Law on Prevention of Money Laundering and Other Proceeds of Crime and Terrorist Financing ("Official Gazette of the Republic of Macedonia" no. 4/2008 и 57/2010), the National Bank of the Republic of Macedonia Council adopted the following

DECISION
on the manner and the procedure for introduction and implementation of the bank's program for prevention of money laundering and terrorist financing
("Official Gazette of the Republic of Macedonia" no. 103/2010)

I. GENERAL PROVISIONS

1. This Decision shall regulate the manner and the procedure for introduction and implementation of the bank's program for prevention of money laundering and terrorist financing (hereinafter referred to as: the Program), which shall include the following:

- procedures for clients' acceptance;
- procedures for client due diligence;
- procedures for risk analysis and risk analysis indicators;
- procedures for assessing the risk of holder of public function;
- procedures for identification of unusual transactions and suspicion for money laundering and terrorist financing;
- procedures for keeping data and documents and submission of reports to the Office for Prevention of Money Laundering and Terrorist Financing (hereinafter referred to as: the Office);
- permanent training plan for the employees in the area of prevention of money laundering and terrorist financing (hereinafter referred to as: the Training Plan);
- appointing of responsible person;
- manner of cooperation with the Office;
- procedure and plan for performing internal control and audit on the implementation of the measures and activities.

2. This Decision shall contain the minimum standards the banks should apply in order to establish adequate program, where each bank may include additional elements in its internal acts, depending on the scope and the nature of the activities it performs.

3. The bank shall be obliged to ensure compliance with the measures for prevention of money laundering and terrorist financings in force in the Republic of Macedonia also by its subsidiaries, branch offices, or representative offices in the country and abroad, to the level permitted according to the regulations of the country where such subsidiary or branch office is located.

The bank shall be required to inform the National Bank of the Republic of Macedonia (hereinafter referred to as: the National Bank) and the Office, if the respective subsidiary or branch office abroad is not in position to adhere to the measures for prevention of money laundering and terrorist financing, when the laws of the country where the subsidiary, branch office or the representative office is located do not allow application of those measures.

II. PROCEDURE FOR CLIENTS' ACCEPTANCE

4. The bank shall be required to establish procedures for clients' acceptance which determine the types of clients that could expose the bank to a risk of money laundering and terrorist financing.

5. The bank shall be required to use the following data and information on the basis of which it can determine which clients could expose the bank to the risk of money laundering and terrorist financing:

- client's history, if it is an existing client of the bank;
- type of activity it performs;

- geographical location of the client and its most significant business partners;
- relation with public functions and holders of public functions;
- type of bank products and services the client will use or it already uses; and
- source of funds, in line with items 12 and 13 of this Decision.

III. PROCEDURES FOR CLIENT DUE DILLIGENCE

6. The bank shall be required to perform client due diligence, at least in the manner determined in the Law on Prevention of Money Laundering and Other Proceeds of Crime and Terrorist Financing (hereinafter referred to as: the Law) and this Decision.

The client due diligence shall include:

- identification and verification of the identity of the client, the principal (holder of rights), or the beneficial owner;
- providing information on the purpose and the intention of the business relation; and
- ongoing monitoring of the business relation with the client.

1. Identification and verification of the identity of the client, the principal (holder of rights), or the beneficial owner

7. The bank shall identify and verify the identity of the client, principal, or the beneficial owner, at least in a manner and on the basis of the documentation and the data stipulated in the Law, with the bank being required to ensure that:

- it possess accurate sources of information, documentation and data;
- it possess data on the basis of which it will be able to determine and verify the identity of the beneficial owner of the client, which also includes determining its ownership and management structure; and
- it possess accurate information on the identity of the principal and the proxy.

8. When identifying and verifying the identity of a foreign client, principal or beneficial owner (non-resident), the bank shall adequately apply the rules valid for the domestic clients.

9. The bank can verify the identity of the client, principal or the beneficial owner also trough some of the following independent sources of data:

- determining of the permanent address by using other sources of data (telephone bills, electricity, etc., data that are at disposal of the Information Service - 188, etc.);
- contacting the client and the beneficial owner by telephone, letter, or e-mail;
- contacting the embassy (consulate, liaison office) of the country the non-resident comes from;
- obtaining the latest financial statement on the operations of the client - legal entity, audited by authorized auditor, if possible;
- using the data that of the public registries (Central Registry, Central Securities Depositary etc.);
- visiting the client and the beneficial owner, if possible; and
- verification of the client's status (whether bankruptcy or liquidation procedure was initiated).

2. Providing information on the purpose and the intention of the business relation

10. The bank shall be required to provide data and information on the basis of which it can determine the purpose and the intention for the business relation with the client, which can include data on the nature of its activities, the financial standing, the sources of funds and the most significant business partners.

11. The bank can determine the sources of funds of the client - natural person through obtaining data on the following: the amount of the monthly sallary, other additional sources of funds, the property ownership etc., on the basis of which it can get more accurate picture of the business relation with the client.

3. Ongoing monitoring of the business relation and transactions undertaken within that relation

12. The bank shall be required to conduct ongoing monitoring of the business relation with the client and the transactions performed within the business relation in order to confirm that these transactions are in conformity with the purpose and the intention of the business relation and the source of financing of the client.

13. The monitoring of the business relation with the client shall also denote regular update of the documents and the data the bank has on its disposal for that client. The bank shall determine the manner and the moment of updating of the data within its internal procedures.

IV. PROCEDURES FOR RISK ANALYSIS AND RISK INDICATORS

14. The bank shall be required to develop an internal risk assessment procedure, which should enable creation of risk profile for each client it will establish business relation with and/or it will update the business relation, within which it shall determine and monitor the level of risk of money laundering and financing terrorism arising from the relation with that client. The bank shall be required to determine at least the following in the internal procedure:

- the manner of creating the risk profile;
- determining of the risk level;
- monitoring of the risk level; and
- transferring of the client from one risk level into another.

15. In instances when there is high risk of money laundering or terrorist financing, the bank shall be obliged to make enhanced client due diligence.

1. Enhanced clients due diligence

16. The bank shall be obliged to make enhanced client due diligence in conformity with the Law and item 15 of this Decision, which pertain at least to these clients:

- clients that use private banking services;
- correspondent banks;
- clients not being physically present at the moment of concluding or performing the business relation;
- clients coming from risky countries;
- clients the business relation of which is carried out by using new technologies or developing technologies.

The responsible person in the bank for prevention of money laundering and terrorist financing (hereinafter referred to as: responsible person) should be informed on the establishment of business relations with the persons under paragraph 1 of this item, as soon as possible.

1.1. Private banking

17. The banks shall be required to perform enhanced due diligence in case of transactions of so-called private banking, due to which the bank can be exposed to higher risk of money laundering and terrorist financing.

The private banking shall include financial services provided to natural persons who mostly invest considerable amount of deposits or other types of assets with the bank. The services that are offered are not part of the regular manner of offering products and retail services, but the business relation between the bank and the client is established directly, in person, through the bank's employees which are responsible for execution of those services (for example, personal banker, private banker or etc.).

18. Business relation which implies performance of private banking can be established only on a basis of a decision adopted by the person with special rights and responsibilities in the bank, responsible for operations with that type of clients.

19. The bank shall be obliged to ensure efficient identification and monitoring of the clients to which it offers the private banking service and their operating, as well as to ensure this type of business relation to be subject to the internal audit and the control performed by the responsible person.

1.2. Correspondent banks

20. In order to establish and continue the business relation with a correspondent bank which is subject to enhanced due diligence, the bank shall be required to undertake the additional measures prescribed by the Law. The following data shall be taken into consideration:

- on the persons who would use the account of the correspondent bank opened with a bank in the Republic of Macedonia;
- on the measures and activities for money laundering prevention and terrorist financing and data on the manner of conducting supervision in the country of the correspondent bank;
- on the system of control of prevention of money laundering and terrorist financing, as well as the manner of audit of the correspondent bank;
- assessment of the adequacy of the enhanced due diligence performed by the correspondent bank for clients representing exposure to higher risk of money laundering and terrorist financing;
- assessment whether the correspondent bank operates with shell banks and (does not) allow/s operating with shell banks; and
- the legislation that regulates the possibility for exchange of data necessary for implementation of the measures and activities for prevention of money laundering and terrorist financing.

The banks can obtain data under paragraph 1 of this item from the correspondent bank (questionnaires, correspondence, etc.), or by using public media (specialized magazines, internet, etc.).

1.3. Clients not being physically present at the moment of concluding or performing the business relation

21. The banks shall be required to apply additional measures of enhanced due diligence of the clients not being physically present at the moment of concluding or performing the business relation (hereinafter referred to as: clients not being physically present), in conformity with the Law.

As clients not being physically present shall be considered those clients with whom the bank realizes the business relation through internet, mail, telephone or other similar means of communication.

22. The bank shall realize the additional measures defined in the Law for operating with clients not being physically present through:

- ensuring and verification of additional documentation, pursuant to the Law;
- organizing meetings with the client;
- utilization of data from other institutions that have adequate information on the client, but also with adequate systems for prevention of money laundering and terrorist financing, if it is allowed with the legislation of the country and abroad; and
- utilization of data available through the public media (specialized magazines, internet, etc.).

1.4. Risky countries

23. The bank shall be required to pay special attention to the business relations and transactions with clients coming from countries that are on the list of countries published by the Ministry of Finance.

If the business relation or transaction have no obvious economic or other evident legal purpose, the bank shall be required to determine the purpose and the intention of the business relation.

24. The banks' employees who directly operate with the clients from item 23 of this Decision shall be obliged to inform the responsible person on each transaction with those clients.

In instances of item 23 paragraph 2 of this Decision, the responsible person shall prepare a written report on the purpose and the intention of the business relation, on the basis of the information obtained from the respective organizational units and other bank employees.

1.5. Utilization of new technologies, or developing technologies

25. The bank shall be required to pay special attention to the business relations and the transactions with the clients which are carried out by using new technologies or developing technologies.

If the business relation or transaction under paragraph 1 of this item have no obvious economic or other evident legal purpose, the bank shall be required to determine the purpose and the intention of the business relation or the transaction.

In instances from paragraph 2 of this item, the employees that directly operate with those clients shall be required to inform the responsible person, who shall prepare a written report on the purpose and the intention of the business relations, on the basis of the information obtained from the respective organizational units and other bank employees.

V. PROCEDURES FOR ASSESSING THE RISK OF HOLDERS OF PUBLIC FUNCTIONS

26. The bank shall be required to undertake additional measures determined in the Law, for the holders of public functions.

The undertaking of additional measures set forth in the Law shall mean:

- establishing adequate system for timely identification of the holders of public functions;
- assessment of the risk level the holder of public function impose to the bank;
- the decision on establishing business relation with the client should be adopted by a person with special rights and responsibilities responsible for the operating of the respective organizational unit in the bank. In instances when the current client becomes holder of a public function, the bank shall adopt decision on (dis)continuation of the business relation with that client, which shall be adopted by the respective person with special rights and responsibilities;
- determining of the source of funds of the client, in conformity with items 12 and 13 of this Decision; and
- ongoing monitoring of the business cooperation with these persons.

VI. PROCEDURES FOR IDENTIFICATION OF UNUSUAL TRANSACTIONS AND SUSPICION FOR MONEY LAUNDERING AND TERRORIST FINANCING

27. In order to provide efficient identification of the suspicious transactions, the bank shall be required to identify the complex, unusually large transactions, or transactions that are executed in unusual manner, which have no apparent economic justification, or evident legal purpose (hereinafter referred to as: unusual transactions).

Unusual transactions can be considered all transactions which are uncommonly large, the character of which fails to correspond to the type of activities the client performs, while the client gives no acceptable explanation why that transaction has been executed (for example, amounts that fail to correspond to the client's regular manner of operating, large turnover on the clients' account failing to correspond to the size of its balance sheet, etc.).

The bank shall be required to determine the purpose and the intention of the unusual transactions, about which the responsible person shall prepare a written report, on the basis of the information obtained from the respective organizational units and other bank's employees.

28. On the basis of the client's risk profile and the written report on the unusual transactions, the responsible person shall adopt a decision whether it is a suspicious transaction, i.e. whether there is a suspicion that the client, the transaction, or the beneficial owner are related to money laundering and terrorist financing.

29. The bank shall be required to define at least the following elements in its internal acts:

- list of indicators for identification of suspicious transactions;
- the documentation which it has to possess with respect to the transactions which were decided not to be reported;
- deciding on withholding, rejection, or execution of certain transaction; and
- the manner of reporting to the bank's managing bodies for transactions that were reported to the Office and the transactions which were decided as non-suspicious.

VII. PROCEDURES FOR KEEPING OF THE DATA AND THE DOCUMENTS AND SUBMISSION OF REPORTS TO THE OFFICE

30. The bank shall be required to keep the information and the data obtained during the identification and verification of the client's identity, monitoring of the client and the transactions it executes, at least in the manner and within the deadline set forth in the provisions of the Law referring to the keeping of data.

The requirement under paragraph 1 of this item shall refer also to the risk profile, the analyses and the written reports prepared pursuant to the Law and this Decision and the reports submitted to the responsible person, the bank's bodies, the Office, the National Bank and to other competent bodies.

VIII. PERMANENT TRAINING PLAN OF THE EMPLOYEES

31. The bank shall be required to determine and to implement annual plan for permanent training of the responsible person and the persons employed in the money laundering prevention and terrorist financing unit, as well as of the employees directly or indirectly included in the operations with clients, or in the execution of transactions. The plan must envisage maintenance of at least three trainings during the year.

32. The organization of the training shall be within the direct competence of the responsible person, who should make estimation of the need for training of the employees and on that basis to prepare an annual training program. The responsible person shall be required to keep a record on the type of the training and the persons included in the training.

33. The training of the bank's employee shall include at least the following:

- **acquainting the employees with all regulations from the area of prevention of money laundering and terrorist financing;**
- **informing on the bank's program for prevention of money laundering and terrorist financing;**
- **acquainting the employees on the international acts within the domain of prevention of money laundering and terrorist financing (recommendations of the Basel Committee of Banking Supervision, FATF recommendations and documents issued by this organization, recommendations given in the reports of the Committee of the Council Europe etc.).**
- **practical training referring to the implementation of the international standards for combating money laundering and terrorist financing;**
- **practical training for identification of suspicious transactions;**
- **practical training for enhanced due diligence of clients with higher risk for money laundering and terrorist financing within the domain of their identification, verification and monitoring.**

34. The training plan for the employees should be regularly updated in order to encompass all internal and external changes (business strategy, regulations, etc.), as well as to include the new employees in the bank.

The training of the new employees of the bank should be carried out immediately after the employment (maximum during the first six months).

IX. APPOINTING OF RESPONSIBLE PERSON

35. Pursuant to the Law, the bank shall be required to appoint responsible person, or to establish special organizational unit responsible for implementation of the Program, as well as for providing fulfillment of the conditions stipulated in the Law.

Responsible person can be the person responsible for controlling of the bank’s compliance with regulations, or the person who manages the department for control of the bank’s compliance with the regulations.

36. The responsible person shall be held liable for its operation to the bank's Board of Directors.

37. The responsible person shall perform at least the following activities:

- analyze the risks of money laundering and terrorist financing;
- collect all unusual transactions submitted by different organizational units in the bank, analyze them, prepare written reports and decides whether those transactions have characteristics of suspicious transaction, i.e. it adopts decision on their (non)reporting to the Office;
- provide information and documentation for all transactions reported to the Office, as well as for all transactions which were decided not to be reported to the Office, including also the reasons for adopting such a decision;
- give recommendations for amending the bank's program, for its revision and improvement, as well as determine the degree of its compliance with the regulations which pertain to the prevention of money laundering and terrorist financing;
- report to the Boards of Directors (on a monthly basis) and Supervisory Board (on a quarterly basis). The reporting shall obligatory include data on the business relations concluded with the persons under items 16 and 26 of this decision;
- advise the management bodies on the measures to be undertaken for compliance with the regulations from the area of prevention of money laundering and terrorist financing, including also monitoring of all amendments to these regulations;
- organize permanent training of the employees for all aspects significant for appropriate implementation of the process of prevention of money laundering and terrorist financing in the bank and establishing guidelines and instructions for adequate implementation of the regulations from this area;
- follow up the novelties in the regulations and the international standards for prevention of money laundering and terrorist financing;
- prepare annual plan for permanent training;
- maintain regular contacts with other bodies and institutions included in the activities for prevention of money laundering and terrorist financing (the Office, the National Bank, other banks, etc.).

X. COOPERATION WITH THE OFFICE

38. The bank shall be required to establish regular communication with the Office, which means submission of written reports on suspicious clients and transactions and for exchange of data and information on the clients for the purposes of the prevention of the money laundering and terrorist financing.

39. The bank shall be required to establish internal procedures which will regulate the method of cooperation with the Office, pursuant to the Law.

XI. INTERNAL CONTROL AND AUDIT ON THE IMPLEMENTATION OF THE MEASURES AND ACTIVITIES

40. The Internal Audit Department shall perform internal audit on the process of prevention of money laundering and terrorist financing, pursuant to the annual operating plan of the Department.

The Internal Audit Department shall be required to perform regular audit on the implementation of the Program, in order to determine the adequacy and the efficiency of that Program and of the operating of the responsible person.

41. The bank shall be required to provide adequate staffing of the Internal Audit Department with individuals having sufficient experience on the systems for prevention of money laundering and terrorist financing and to enable their adequate training for all novelties related to the international techniques of money laundering and terrorist financing.

42. The bank shall be required to establish and to apply procedures for employment of new individuals in the bank which will enable employment of individuals with adequate ethic norms.

XII. TRANSITIONAL AND CLOSING PROVISIONS

43. The provisions of this Decision shall be applied adequately to the savings houses and branch offices of foreign banks in the Republic of Macedonia.

44. By entering of this Decision into force, the Decision on the manner and the procedure for implementation and application of the bank's program for prevention of money laundering and terrorist financing ("Official Gazette of the Republic of Macedonia" no. 83/2009) shall become void.

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

Pursuant to Article 47 paragraph 1 item 6 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 158/2010) and Article 46 paragraph 5 of the Law on Prevention on Money Laundering and Other Proceeds of Crime and Terrorist Financing ("Official Gazette of the Republic of Macedonia" no. 4/2008, 57/2010 and 35/2011), the National Bank of the Republic of Macedonia Council adopted the following

-ANNEX 9-

DECISION
on amending the Decision on the manner and the procedure for introduction and implementation of the bank's program for prevention of money laundering and terrorist financing
("Official Gazette of the Republic of Macedonia" no. 60/2010)

I. The Decision on the manner and the procedure for introduction and implementation of the bank's program for prevention of money laundering and terrorist financing ("Official Gazette of the Republic of Macedonia" no. 103/2010) shall be amended as follows:

1. In section IV item 16 paragraph 1, indent 4 shall be amended and read:

"- clients coming from countries that fail to, or insufficiently, apply measures for prevention of money laundering and terrorist financing, at least in a volume defined by the Law (hereinafter: risky countries),"

2. In section IV item 23, paragraph 1, the words: "countries that are on the list of countries published by the Ministry of Finance" shall be replaced with the words: "risky countries".

In paragraph 2, the word "transaction" shall be followed by the words "of paragraph 1 of this item".

3. In section VIII item 31, the word: "three" shall be replaced by the word "two".

II. This Decision enters into force on the eighth day from the date of its publishing in the "Official Gazette of the Republic of Macedonia".

-ANNEX 10-

CRIMILNAL CODE[8]
(Official Gazette No. 37/96, 80/99, 4/2002, 43/2003, 19/2004, 60/2006, 73/2006, 7/2008, 139/2008 and 114/2009)

MONEY LAUNDERING AND OTHER PROCEEDS FORM CRIME

Article 273

(1) A person who puts into circulation, receives, takes, exchanges or changes into smaller bills money or other property that he/she obtained through a crime or he/she knows that money or the property have been obtained through crime, or with conversion, transfer, or otherwise covers that it has come from such a source, or covers their location, circulation or ownership, shall be sentenced to imprisonment of one to ten years.
(2) The sentence referred to in paragraph 1 shall be applied to a person who possesses or uses property or items which he/she knows that have been obtained through crime or with counterfeit of documents, failure to report facts or otherwise covers that the assets or items have come from such a source, or covers their location, circulation and property.
(3) If the crime stipulated in the paragraphs 1 and 2 is performed in banking, financial or other type of business activity or if he/she through splitting of the transaction avoids the obligation for reporting in the cases prescribed by the law, the perpetrator shall be sentenced with imprisonment of at least three years.
(4) One that will perform the crime stipulated in the paragraphs 1, 2 and 3, and he/she was obligated and in position to know that the money, the property and other proceeds from crime were obtained through a crime, shall be sentenced with fine or imprisonment up to three years.
(5) One that will perform the crime stipulated in the paragraphs 1, 2 and 3 as a member of a group or other association that is dealing with money laundering, illegally gets property or other proceeds from crime, or with assistance of foreign banks, financial institutions or persons, shall be sentenced with imprisonment of at least five years.
(6) Authorized person, responsible person in a bank, insurance company, company for organization of games of chance, exchange office, stock exchange or other financial institution, lawyer, except when acts as defence attorney, notary or other person that performs public authorities or activities of public interest, who will make possible or permits transaction or business relation, contrary to his/her legal obligation or performs transaction contrary to the ban imposed by a competent body or provisional measure determined by court or will not report the laundering of money, property or material gain, for which he/she became aware during performing his/her authority, shall be sentenced with imprisonment of at least five years.
(7) Authorized person, responsible person in a bank or other financial institution, or person performing activities of public interest, who according to the law is authorized entity for implementation of measures and activities for prevention of money laundering and other proceeds from crime, and who with no authorization reveals to a client or other person data that refer to the procedure for investigating suspicious transactions or to the implementation of other measures and activities for prevention of money laundering, shall be sentenced to
imprisonment of three months to five years.
(8) If the crime has been performed for the reason of cupidity or use of data abroad, the perpetrator shall be sentenced to imprisonment of at least one year.
(9) If the crime defined in the paragraph (7) has been performed by negligence, the perpetrator shall be sentenced with a fine or imprisonment up to three years.
(10) If any actual or legal obstacles exist for determination of predicate crime or prosecution of the perpetrator, the existence of such crime shall be determined on the basis of actual case circumstances and the existence of grounded suspicion that the assets have been obtained through such a crime.

[8] Unofficial translation

(11) The perpetrator's knowledge, or his/her duty and possibility to be aware that the assets have been acquired through a crime can be established on the basis of objective actual circumstances of the case.
(12) If the crime stipulated in the paragraph (1) is performed by a legal entity, it shall be sentenced with a fine.
(13) The proceeds from crime shall be confiscated, and if the confiscation is not possible, then other property of the perpetrator of equivalent value shall be confiscated.

FINANCING OF TERRORISM

Article 394-c

(1) The person that shall by any means, directly or indirectly, illegally and consciously, provide or collect funds with the aim of using such funds or knowing that they are to be used, in full or in part, for the purposes of committing a crime hijacking of an aircraft or a ship (Article 302), endangering air traffic safety (Article 303), terrorist endangering of the of the constitutional system or the security (Article 313), terrorist organization (Article 394-a), terrorism (Article 394-b), crimes against humanity (Article 403-a), international terrorism (Article 419), taking hostages (Article 421) and another act of murder or severe bodily harm, with the intention of creating a sense of uncertainty or fear among the citizens, shall be sentenced with imprisonment for a period of at least four years.
(2) A person who publicly calls for, by disseminating or making available to the public in any other manner, a message calling for or instigating the perpetration of some of the actions referred to in paragraph 1, and when the call itself creates a danger for realization of such action, shall be sentenced to imprisonment of four to ten years.
(3) The sentence stipulated in paragraph 2 shall also be imposed on the person who conspires with another to commit the crime defined in paragraph 1, or who invites another to join an association or group with the intention of committing the crime defined in paragraph 1.
(4) The person who creates a group or gang with the intention of the committing the crime defined in paragraph 1 shall be sentenced with imprisonment for a period of at least eight years.
(5) The member of the group or the gang shall be sentenced with imprisonment for a period of at least five years.
(6) The member of the group or the gang who shall reveal the group, i.e. the gang before he/she commits a crime as its member or on its behalf shall be pardoned.
(7) Authorized person, responsible person in a bank or other financial institution, or person performing activities of public interest, who according to the law is authorized entity for implementation of measures and activities for prevention of financing of terrorism, and consciously fails to undertake the measures determined by law and thus enables performance of the action from paragraph 1, shall be sentenced to imprisonment of at least four years.
(8) The sentence referred to in paragraph 7 shall also be imposed to an authorized person who illegally discloses to a client or other person data that refer to the procedure for investigation of suspicious transactions or to use of other measures and activities for financing the terrorism.
(9) If the crime defined in paragraphs (7) and (8) has been performed by negligence, the perpetrator shall be sentenced with a fine or imprisonment of up to three years.
(10) If the crime of this article is committed by a legal entity, the said entity shall be sanctioned with a fine.
(11) The means intended for the preparation, financing and committing of the crimes defined in paragraphs 1, 2, 3 and 4 shall be confiscated.