

WFC Single Disclosure Report 2019**AGC answers**

Date submitted

31/10/2019 10:13:15

General information

1 G01Q001

Please indicate the full name of the responding institution:

*PFMI: Annex A - CSD disclosure template [CSD name]**AGC: 0a*

Central Securites Depository AD Skopje

2 G01Q002

Registered address:

*PFMI: n/a**AGC: 0c*

bul. Kuzman Josifovski Pitu 1 1000 Skopje

3 G01Q003

Country of registered address:

*PFMI: n/a**AGC: 0d*

Republic of North Macedonia

4 G01Q004

Official website of the respondent institution:

*PFMI: Annex A - CSD disclosure template [website]**AGC: n/a*

www.cdhv.mk

5 G01Q005

The date of this disclosure is:

*PFMI: Annex A - CSD disclosure template [date]**AGC: n/a*

31/10/2019

6 G01Q006

The WFC, the AGC, CPMI and IOSCO encourage respondents to make their disclosure reports publicly

available. Do you agree to make your response publicly available?

PFMI: n/a
AGC: 99

Yes, my response will be public, but only for my answers to AGC questions. [A2]

7 G01Q007

How will you be making your answers publicly available?

PFMI: n/a
AGC: 99a

- Website
- Upon request
- OTHER:

8 G01Q008

This disclosure can also be found at the following web address(es):

PFMI: Annex A - CSD disclosure template [website URL]
AGC: 99b

www.cdhv.mk

9 G01Q009

First and Last Name of the contact person:

PFMI: Annex A - CSD disclosure template [contact details]
AGC: 99c

Sofija Vidovic

10 G01Q009A

Disclosure submission authorisation

I hereby certify that I am authorised to submit this disclosure report on behalf of my institution.

11 G01Q010

Email address of the contact person:

PFMI: Annex A - CSD disclosure template [contact details]
AGC: 99h

vidoviks@cdhv.mk

12 G01Q011

Telephone number (please include the international country code):

PFMI: n/a
AGC: 99e

++ 389 2 3299 814

13 G01Q012
How do you prefer to be contacted?

PFMI: n/a
AGC: 99d

- Telephone
- Fax
- mail/air courier
- e-mail

14 G01Q013
Fax number

PFMI: n/a
AGC: 99f

++ 389 2 3227 781

15 G01Q014
What is the preferred street address for mailing requests?

PFMI: n/a
AGC: 99g

bul .Kuzman Josifovski Pitu 1 1000 Skopje, North Macedonia

16 G01Q015
Please list the jurisdiction(s) in which the CSD operates:

PFMI: Annex A - CSD disclosure template [list jurisdictions]
AGC: n/a

Republic of North Macedonia

17 G01Q016
Please list the authority(ies) regulating, supervising or overseeing the CSD:

PFMI: Annex A - CSD disclosure template [list authorities]
AGC: n/a

Securities Exchange Commission of the Republic of North Macedonia

18 G01Q017
Executive summary (This section should summarise the key points from the disclosure framework, including a brief overview of the CSD, its participants, its legal and regulatory framework, its primary risks, and its key risk management and other relevant practices.)

PFMI: I.
AGC: n/a

Central Security Depository is a company that has been one of the institutional pillars of the capital market in the Republic of Macedonia for more than a decade, and it provides ongoing contribution to the capital market stability and development. CSD is a joint stock company, 100% privately owned, established as a company for maintaining a register of securities and holders of securities, settlement of trade transactions and execution of non-trade transfers of securities. Data on shareholder capital and ownership structure can be seen in the following link. http://cdhv.mk/Issuer_table.aspx?LEID=05554705&lng=2 Presently, CSD is the only depository institution for securities operating in the Republic of Macedonia, on the basis of a license issued by the Securities and Exchange Commission of the Republic of Macedonia. CSD has a sophisticated software that supports the performance of its functions as specified in the law. This software is owned by the Depository, and its maintenance and upgrades are regularly carried out by a team of dedicated professionals employed by CSD. Under the Law on Securities, only banks, brokerage houses, insurance companies or investment funds can be Depository shareholders. CSD acts as a self-regulating organization in accordance with the law and adopts rules that are mandatory for its members. Members of the CSD can be brokerage houses, banks or subsidiaries of a foreign brokerage house, with permission to work given by SEC. Depository adopts Rules of Conduct and Discipline, which closely regulate the implementation of the Depository acts by its members. The Rules of Conduct and Discipline set grounds for the authorities of the Depository to take measures and/or temporarily or permanently suspend the right of Depository's members to take part in the work if the member fails to comply with the regulations or fails to meet the obligations arising from the securities transactions.

19 G01Q018

Summary of major changes since the last update of the disclosure (This section should summarise the major changes to the CSD's organisation, services, design, rules, markets served and regulatory environment since its last disclosure. The CSD should note the sections in its disclosure where such changes are reflected.)

PFMI: II.
AGC: n/a

As of 01.March 2019, Participants started to register holders and to open accounts using CSD system.

New types of membership: Custodian members, OTC members

Risk management strategy was adopted by Board of Directors.

As of 01. July 2019, cash leg of trade transactions for custodian and omnibus accounts is settled by Custodian members

Rules for settlement of cross-border transactions were adopted by Board of Directors.

20 G01Q019

General description of the CSD and the markets it serves (This section should provide basic, concise descriptions of the services offered and functions performed by the CSD? It should also provide an overview of the markets the CSD serves and the role it fulfils within those markets. Further, the section should include basic data and performance statistics on its services and operations. A CSD should provide, for example, basic volume and value statistics by product type, average aggregate intraday exposures of the CSD to its participants, and statistics on the CSD's operational reliability.)

PFMI: III.1.
AGC: n/a

21 G01Q020

General organisation of the CSD (This section should provide an overview of the organisational and

governance structure of the CSD? including a description of the CSD's governance policies, governance structure and management structure.)

PFMI: III.2

AGC: n/a

22 G01Q021

Legal and regulatory framework (This section should provide an overview of the CSD's legal and regulatory framework, including the legal and ownership structure of the CSD, the legal basis for each material aspect of the CSD's activities, and the regulatory, supervisory and oversight framework for the CSD.)

PFMI: III.3

AGC: n/a

Private Company

23 G01Q022

System design and operations (This section should explain the CSD's design and operations. It should include a clear description of the typical lifecycle of the transaction process. The information should highlight how the CSD processes a transaction, including the timeline of events, the validation and checks to which a transaction is subjected, and the responsibilities of the parties involved.)

PFMI: III.4

AGC: n/a

24 G01Q023

filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

25 G01Q024

I am submitting up-to-date information in response to:

- The AGC questions and a report with only AGC answers will be generated
- The PFMI questions and a report with only PFMI answers will be generated
- Both the AGC and PFMI questions and a report with answers to both questionnaires will be generated

Legal Basis (PFMI Principle 1)

27 G02Q002

Under what regulation or statute is the CSD established and governed?

PFMI: n/a

AGC: 7

Law on Securities of the Republic of Macedonia, decision 07-3961/1 from October 26,2005 National Gazette 95/2005 Statute of CSD, 10 October 2001

28 G02Q003
Is the regulation or statute electronically available?

PFMI: n/a
AGC: 7a

Yes [Y]

29 G02Q004
If regulation or statute is electronically available, please supply web address(es) here or upload document(s).

PFMI: n/a
AGC: 7b

Link to website: www.cdhv.mk (Statute), www.sec.gov.mk (Securities Law)

30 G02Q005
filecount - Please supply document(s) here:

PFMI: n/a
AGC: 7c

0

Governance and ownership (PFMI Principle 2)

45 G03Q002
What type of legal entity is the institution?

PFMI: n/a
AGC: 3

- Public Company
- Private Company
- Central Bank (or part thereof)
- Stock Exchange (or part thereof)
- OTHER:

46 G03Q003
Is the institution operated as a "for profit" or a "not for profit" organization?"

PFMI: n/a
AGC: 4

For profit [A01]

47 G03Q004

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

PFMI: n/a

AGC: 5

SPARKASE BANKA MAKEDONIJA 19,98% KOMERCIJALNA BANKA 15% EUROSTANDARD BANKA 14,83% TTK BANKA 9,98% NLB BANKA 9,033% STOPANSKA BANKA SKOPJE 7,03% HALK BANKA 5,03% OTHER SHAREHOLDERS 19,1%

48 G03Q005

What is the date of establishment of the CSD?

PFMI: n/a

AGC: 6a

10/10/2001

49 G03Q006

What is the date that the CSD's operations began?

PFMI: n/a

AGC: 6b

26/11/2001

50 G03Q007

Are participants required to contribute capital to the CSD that would result in ownership of the CSD?

PFMI: n/a

AGC: 18

No [A02]

51 G03Q008

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

PFMI: n/a

AGC: 18a.

59 G03Q016

What are the roles and responsibilities of the CSD's board of directors (or equivalent), and are they clearly specified? Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the CSD. What are the qualifications to become a board member?

PFMI: Q.2.3.1

AGC: 7d

The Board of Directors is comprised of 8 members. The members are representatives of the

Depository's shareholders (Banks, Brokerage Companies) and part of the members are independent. They have equal responsibilities regarding the functioning of the company. According to the Law on Securities, at least one third of the members of the Managing Board are individuals that are not employees of the Depository, or in connection with some of the shareholders, members of the Depository or other legal entities that are participants of the Macedonian Securities Market (independent members of the Board). The members of the Board are elected by the shareholders. The independent members should be known experts in the area of economics, financial or business law. The list of Board Members including their industry experience is available on the following link: http://www.cdhv.mk/board_of_directors.aspx

61 G03Q018
What are the election procedures?

PFMI: Q.2.3.2
AGC: 7e

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

62 G03Q019
What is the maximum length of time a board member can serve?

PFMI: Q.2.3.2
AGC: 7f

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

63 G03Q020
How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

PFMI: Q.2.3.2
AGC: 7g

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

65 G03Q022
What are the procedures established to review the performance of the board as a whole and the performance of the individual board members? Who is responsible for regulating the board members?

PFMI: Q.2.3.4
AGC: 7h

The Securities and Exchange Commission of the Republic of North Macedonia and the shareholders of the CSD

Comprehensive risk management (PFMI Principle 3)

88 G04Q003

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

*PFMI: Q.3.1.1**AGC: 66x.*

No [A02]

89 G04Q004

If yes, please check all of the following that apply:

*PFMI: Q.3.1.1**AGC: 66y.*

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

90 G04Q005

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

*PFMI: Q.3.1.1**AGC: 66+*

Yes [A01]

91 G04Q006

Please define the standard of care applied:

*PFMI: Q.3.1.1**AGC: 66**

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.

Credit risk (PFMI Principle 4)

121 G05Q011

Does the CSD have a guaranty fund independent of stock exchange or other market guarantees?

*PFMI: Q.4.3.1**AGC: 78*

Yes [A01]

122 G05Q012

If yes, please respond to the following questions: What is the size of the fund?

PFMI: Q.4.3.1
AGC: 78a.

46.144 Euro

123 G05Q013
How is the size of the fund determined?

PFMI: Q.4.3.1
AGC: 78b.

A fixed amount [A03]

124 G05Q014
How is the fund financed?

PFMI: Q.4.3.1
AGC: 78d.

Contributions from participants [A02]

125 G05Q015
If so, what is the amount or percentage per owner?

PFMI: Q.4.3.1
AGC: 78e.

126 G05Q016
If so, what is the amount or percentage per participant?

PFMI: Q.4.3.1
AGC: 78f.

3.500,00 Euro

127 G05Q017
Who is covered by the fund?

PFMI: Q.4.3.1
AGC: 78h.

Direct CSD participants only

The beneficial owner also

OTHER: In case of default, CSD transfers funds from guaranty fund to the default participant's account in Central Bank. It is obligation of participant to further transfer funds to the beneficial owner(s).

128 G05Q018

When is the guaranty fund used?

*PFMI: Q.4.3.1**AGC: 78j.*

- When a broker defaults
- When a direct participant defaults
- OTHER: CSD Rules require each market participant to reserve shares prior to entering a Sell Order for those shares on the MSE. In this manner all Sell Orders executed on the MSE have the shares involved reserved at the CSD pending settlement. Implementation of the Share Reservation Rule has dramatically reduced the possibility of Sell-Side Security Fails. The combination of the Lamfalussy Rule variant and the Share Reservation Rule has resulted in the CSD having only one failed Settlement in over 8 years. Due to the significant level of protection provided by these two mechanisms the CSD does not require a traditional Settlement Guarantee Fund. Implementation of the Lamfalussy Rule variant in effect provides the same protection as a traditional Settlement Guarantee Fund. In the CSDs Fund each participant's contribution is calculated on a daily basis. This system has proved to be a practical economic benefit to market intermediaries in Macedonia who, under the system, contribute to the Guarantee of Settlement on a daily, pay-as-you-go basis.

131 G05Q021

Does the CSD have insurance to cover losses in the event of Default on settlement commitments by the CSD or a participant?

*PFMI: Q.4.3.3**AGC: 91*

No [A02]

132 G05Q022

What is the amount of the coverage?

*PFMI: Q.4.3.3**AGC: 91a*

133 G05Q023

What is the amount of the deductible?

*PFMI: Q.4.3.3**AGC: 91b*

134 G05Q024

Please explain other loss or default protections:

*PFMI: Q.4.3.3**AGC: 79a*

Settlement of transactions executed on the Exchange shall be made in the Depository on a gross basis, or for all participants in the transaction in securities transfer of securities is made on the basis of each individual transaction executed on a given trading date, and the transfer of money shall be made on a net basis by calculating the obligations of the participants in the settlement from all sale and buy transactions at a level of participant (B1S model II). All participants in the settlement who have executed transactions in securities on a given trading day must provide on the settlement date the required quantity of securities (if they acted as sellers) and the required amount of funds (if they acted

as buyers) for each individual transaction. A member which is the buyer of securities in a given transaction must secure the required amount of funds on its settlement account held with the National Bank by the settlement date. When executing a transaction in securities in which the same member of the Depository acts as both the buyer and the seller, that member shall by not later than the settlement date deposit the required amount of funds for settlement of the transaction on a separate account on the Depository held with the National Bank of the Republic of Macedonia. Amounts previously deposited shall be deposited back on the account of the member by the Depository after the closure of the cycle of settlement on that day. If the required monetary amount is not deposited on a separate account of the Depository, the settlement procedure provided in the Rules and the method of use of the Guarantee fund will be applied.

135 G05Q025

Does the CSD accept liability (independent of any insurance coverage) for the following: Any direct damages or losses to participants caused by the CSD in its capacity as a central counterparty?

PFMI: Q.4.3.3

AGC: 66q.

Not applicable [A03]

136 G05Q026

If yes, please check all of the following that apply:

PFMI: Q.4.3.3

AGC: 66r.

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

Collateral (PFMI Principle 5)

141 G06Q001

Summary narrative for PFMI Principle 5. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P5

AGC: 35c

Liquidity risk (PFMI Principle 7)

Settlement finality (PFMI Principle 8)

Money settlements (PFMI Principle 9)

217 G09Q003

Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions?

PFMI: Q.9.1.1
AGC: 31

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

218 G09Q004
Please indicate the name of the banks appointed by the CSD

PFMI: Q.9.1.1
AGC: 31a

219 G09Q005
Who processes cash clearing (or draws on credit lines, if applicable) for CSD transactions?

PFMI: Q.9.1.1
AGC: 32

- CSD
- Central Bank
- Banks appointed by the CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

220 G09Q006
Please name banks appointed by the CSD

PFMI: Q.9.1.1
AGC: 32a

221 G09Q007
Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)?

PFMI: Q.9.1.1
AGC: 33, 33b

- CSD

- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

222 G09Q008
Please name banks appointed by the CSD

PFMI: Q.9.1.1
AGC: 33a

223 G09Q009
Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)?

PFMI: Q.9.1.1
AGC: 34

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

224 G09Q010
Please name banks appointed by CSD

PFMI: Q.9.1.1
AGC: 34a

Physical deliveries (PFMI Principle 10)

239 G10Q005
How are eligible securities lodged in the CSD system?

PFMI: Q.10.1.3
AGC: 57, 57a

- A registered certificate in the name of the CSD is delivered to the CSD.
- A participant delivers the security with a valid transfer deed or stock power or other transfer document to the CSD which then effects registration.
- A registrar re-registers the security in the name of the CSD.

Not applicable

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

240 G10Q006

When are securities lodged into the CSD reflected in a participant's CSD account?

PFMI: Q.10.1.3

AGC: 58, 58a

Securities are reflected in the participant's CSD account immediately upon delivery to the CSD.

Securities are re-registered prior to being reflected in the participant CSD account.

Not applicable

OTHER:

241 G10Q007

How long does it usually take to lodge securities with the CSD?

PFMI: Q.10.1.3

AGC: 59, 59b

1 to 2 days [A01]

242 G10Q008

Please specify

PFMI: Q.10.1.3

AGC: 59a

243 G10Q009

During the process of lodging securities into the CSD, can the securities be traded?

PFMI: Q.10.1.3

AGC: 60

No [A02]

244 G10Q010

During the process of lodging securities into the CSD, can the securities be settled?

PFMI: Q.10.1.3

AGC: 60a

No [A02]

245 G10Q011

During the process of lodging securities into the CSD, can the securities have ownership transferred?

PFMI: Q.10.1.3
AGC: 60b

No [A02]

246 G10Q012
If they cannot be traded, or if you answered other, please explain

PFMI: Q.10.1.3
AGC: 60c

247 G10Q013
If they cannot be settled, or if you answered other, please explain

PFMI: Q.10.1.3
AGC: 60d

Securities are registered on accounts held with the Depository. For the purposes of registration of securities the Depository shall open accounts to the issuers and holders of securities.

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

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

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

After it has been established that the order is duly and fully filled in, entry is made in the Depository on the basis of the data stated in the order. Entries of orders in the Depository are made by an account operator. Entries of data on the accounts in the Depository are made in accordance with these Rules, instructions and other acts issued by the Depository.

248 G10Q014
If ownership cannot be transferred, or if you answered other, please explain

PFMI: Q.10.1.3
AGC: 60e

Securities are registered on accounts held with the Depository. For the purposes of registration of securities the Depository shall open accounts to the issuers and holders of securities.

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

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

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

After it has been established that the order is duly and fully filled in, entry is made in the Depository on the basis of the data stated in the order. Entries of orders in the Depository are made by an account operator. Entries of data on the accounts in the Depository are made in accordance with these Rules, instructions and other acts issued by the Depository.

249 G10Q015

Are securities immediately available for delivery upon transfer to the CSD?

PFMI: Q.10.1.3

AGC: 61, 61d

Yes [A01]

250 G10Q016

If no: Securities are unavailable for

PFMI: Q.10.1.3

AGC: 61a

251 G10Q017

If more than 4 weeks, please specify

PFMI: Q.10.1.3

AGC: 61b

252 G10Q018

If not applicable, please explain

PFMI: Q.10.1.3

AGC: 61c

253 G10Q019

What transfer process steps are involved when eligible securities are withdrawn from the CSD for safekeeping?

PFMI: Q.10.1.3

AGC: 63, 63a

Not applicable [A05]

254 G10Q020

How long does it usually take to remove securities from the CSD?

PFMI: Q.10.1.3

AGC: 64, 64b

Other: All securities issued in Republic of North Macedonia have to be registered at CSD.

255 G10Q021

If more than 4 weeks, please specify

PFMI: Q.10.1.3
AGC: 64a

256 G10Q022
While the securities are being removed from the CSD, can they be traded? (Choose one)

PFMI: Q.10.1.3
AGC: 65a

Not applicable [A02]

257 G10Q023
If they cannot be traded please explain

PFMI: Q.10.1.3
AGC: 65b

258 G10Q024
While the securities are being removed from the CSD, can they be settled? (Choose one)

PFMI: Q.10.1.3
AGC: 65c

Not applicable [A02]

259 G10Q025
If they cannot be settled, please explain

PFMI: Q.10.1.3
AGC: 65d

260 G10Q026
While the securities are being removed from the CSD, can they have ownership transferred? (Choose one)

PFMI: Q.10.1.3
AGC: 65e

Not applicable [A02]

261 G10Q027
If ownership cannot be transferred, please explain

PFMI: Q.10.1.3
AGC: 65f

263 G10Q029
What are the vault security procedures for the safekeeping of physical paper?

PFMI: Q.10.2.1
AGC: 75

- Not applicable, no vault is maintained
- Electronic keys or combinations
- Dual access control
- Visitor logs
- Vault counts
- Intrusion alarms
- Fire alarms
- Guards
- OTHER:

264 G10Q030
Please indicate frequency of vault counts:

PFMI: Q.10.2.1
AGC: 75a.

265 G10Q031
Please explain:

PFMI: Q.10.2.1
AGC: 75b

All securities issued in Republic of North Macedonia have to be registered at CSD in dematerialized form.

Central Securities Depositories (PFMI Principle 11)

271 G11Q002
CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution. For which of the following security types do you serve as a CSD or clearing system?

PFMI: n/a
AGC: 26

- Government securities
- Equities
- Corporate bonds
- Corporate money market

Not applicable

OTHER:

272 G11Q003

Please name the other security types:

PFMI: n/a

AGC: 26a.

273 G11Q004

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

PFMI: n/a

AGC: 27, 27c

- Yes by law for settlement of all instrument types
- Yes by law for safekeeping of all instrument types
- Yes by market practice for settlement of all instrument types
- Yes by market practice for safekeeping of all instrument types
- Yes by law for settlement, but not for all instrument types
- Yes by law for safekeeping, but not for all instrument type
- Yes by market practice for settlement, but not for all instrument types
- Yes by market practice for safekeeping, but not for all instrument types
- Neither
- OTHER:

274 G11Q005

Please list the instrument types for which it is not compulsory by law to: (i) settle in your CSD

PFMI: n/a

AGC: 27a. (i)

Treasury Bills issued by National Bank of the Republic of North Macedonia

275 G11Q006

(ii) safekeep in your CSD:

PFMI: n/a

AGC: 27a. (ii)

Treasury Bills issued by National Bank of the Republic of North Macedonia

276 G11Q007

Please list the instrument types for which it is not compulsory by market practice to: (i) settle in your CSD

PFMI: n/a

AGC: 27b. (i)

Treasury Bills issued by National Bank of the Republic of North Macedonia

277 G11Q008

(ii) safekeep in your CSD:

PFMI: n/a

AGC: 27b. (ii)

Treasury Bills issued by National Bank of the Republic of North Macedonia

278 G11Q009

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

PFMI: n/a

AGC: 28 28a

equities - 78.42 % government securities - 20.64 %, corporate bonds - 0.77%

279 G11Q010

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

PFMI: n/a

AGC: 28b.

equities - 65.66 % government securities - 34.09 %, corporate bonds - 0.24%

281 G11Q012

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

PFMI: Q.11.1.1

AGC: 44a

Not applicable [A03]

282 G11Q013

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

PFMI: Q.11.1.1
AGC: 44b

283 G11Q014
By the intervening authorities controlling insolvency or other proceedings?

PFMI: Q.11.1.1
AGC: 44d.

Yes [A01]

284 G11Q015
If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

PFMI: Q.11.1.1
AGC: 44e.

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

285 G11Q016
By the participant's creditors?

PFMI: Q.11.1.1
AGC: 44g, 44i

No [A02]

286 G11Q017
If yes, please describe briefly under what conditions access would be granted to the participant's creditors:

PFMI: Q.11.1.1
AGC: 44h

287 G11Q018
By the CSD's creditors?

PFMI: Q.11.1.1
AGC: 44j.

No [A02]

288 G11Q019
If yes, please describe briefly under what conditions access would be granted to the CSD's creditors:

PFMI: Q.11.1.1
AGC: 44k.

289 G11Q020

What is your document and record retention policy for documents and records described above in this section?

PFMI: Q.11.1.1

AGC: 47, 47a

Other: CSD 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. Data recorded on electronic media shall be permanently stored.

290 G11Q021

Does the law protect participant assets from claims and liabilities of the CSD?

PFMI: Q.11.1.1

AGC: 54

Yes [A01]

291 G11Q022

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

PFMI: Q.11.1.1

AGC: 55

No [A02]

292 G11Q023

If yes, for what reasons are liens or similar claims imposed?

PFMI: Q.11.1.1

AGC: 55a

- Fees and expenses
- Collateralization of overdrafts
- To secure payment for purchased securities
- OTHER:

293 G11Q024

Please describe:

PFMI: Q.11.1.1

AGC: 55b

294 G11Q025

Please indicate the limits of this lien as indicated below:

PFMI: Q.11.1.1

AGC: 55c

The lien is limited to securities in the participant's proprietary account [A01]

295 G11Q026
Please explain:

PFMI: Q.11.1.1
AGC: 55d

296 G11Q027

If a lien is placed on a participant's account which has been designated for its clients, will the CSD select certain securities to be subject to the lien?

PFMI: Q.11.1.1
AGC: 55e

297 G11Q028

If yes, please indicate whether:

PFMI: Q.11.1.1
AGC: 55f

298 G11Q029

Please explain:

PFMI: Q.11.1.1
AGC: 55g

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

299 G11Q030

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

PFMI: Q.11.1.1
AGC: 55h

300 G11Q031

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

PFMI: Q.11.1.1
AGC: 55j

No [A02]

301 G11Q032

If yes, are the restrictions accomplished by:

PFMI: Q.11.1.1
AGC: 55k

302 G11Q033
Please explain:

PFMI: Q.11.1.1
AGC: 55l

303 G11Q034
Transfer of Legal Ownership. Does the CSD have legal authority to transfer title to securities?

PFMI: Q.11.1.1
AGC: 56, 56e

Yes [A01]

304 G11Q035
When does title or entitlement to CSD securities pass between participants?

PFMI: Q.11.1.1
AGC: 56a

When corresponding money or other consideration is transferred [A02]

305 G11Q036
Please describe:

PFMI: Q.11.1.1
AGC: 56b

306 G11Q037
Where does title or entitlement to CSD securities pass between participants?

PFMI: Q.11.1.1
AGC: 56c

On the registrars books [A02]

307 G11Q038
Please describe:

PFMI: Q.11.1.1
AGC: 56d

309 G11Q040
In what form does the CSD maintain records identifying the assets of each participant?

PFMI: Q.11.1.2
AGC: 45

- Computer file
- Microfiche
- Hard copy
- Computer tape
- OTHER:

310 G11Q041
In which format is the source data maintained?

PFMI: Q.11.1.2
AGC: 45b

Source data is maintained in database format.

315 G11Q046
If the securities held with the CSD are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the CSD (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

PFMI: Q.11.1.6
AGC: 52i

All securities issued in Republic of North Macedonia (except Bills issued by National Bank) are in dematerialized form and are registered at authorized depository. CSD AD Skopje is the single authorised depository, and as such, all securities are in book entry form at the CSD. In that line, there are no transfers of the positions from and to the CSD. Only point of entry of the positions at the CSD are new issues, and in that case Issuer is responsible for the corectness of the data of the issue and in the case of Public offer, participants enter new holders and positions are registered after settlement is finished.

318 G11Q049
How are CSD eligible securities held by the CSD?

PFMI: Q.11.3.1
AGC: 50, 50a

- In dematerialized form
- In certificated form
- OTHER:

320 G11Q051
If CSD eligible securities are certificated, can CSD eligible securities be held outside of the CSD?

PFMI: Q.11.3.2
AGC: 51

Not applicable [A05]

321 G11Q052

If certain designated securities are held outside the CSD, please indicate under which conditions these securities would be held outside the CSD:

PFMI: Q.11.3.2

AGC: 51a

322 G11Q053

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

PFMI: Q.11.3.2

AGC: 51b

323 G11Q054

Are these certificates:

PFMI: Q.11.3.2

AGC: 51c

Bearer

Registered

OTHER:

324 G11Q055

If registered, how are the CSD eligible securities registered?

PFMI: Q.11.3.2

AGC: 51d

In the name of the CSD

In the name of the depositing participant or its nominee

In the name of a separate nominee of the CSD

OTHER:

325 G11Q056

If in the name of a separate nominee, please identify by name the nominee used:

PFMI: Q.11.3.2

AGC: 51f

326 G11Q057

If CSD eligible securities may be held either in or out of the CSD, are these certificates:

PFMI: Q.11.3.2

AGC: 51h

327 G11Q058

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

PFMI: Q.11.3.2

AGC: 51i

328 G11Q059

If securities are dematerialized: May dematerialized security positions be re-certificated and held outside the CSD?

PFMI: Q.11.3.2

AGC: 52

No [A02]

329 G11Q060

Are the securities held:

PFMI: Q.11.3.2

AGC: 52a, 52k

- Through book-entry at the CSD
- Through book-entry at a registrar or issuer
- OTHER:

330 G11Q061

Please identify which types of entities may act as registrars:

PFMI: Q.11.3.2

AGC: 52b

- Issuers
- Separate companies that perform registrar functions
- CSD
- OTHER:

331 G11Q062

If the securities held by the CSD are recorded by book entry at the registrar, are the securities registered only to the CSD, with the CSD providing the function of recording ownership on a centralized basis for the market?

PFMI: Q.11.3.2

AGC: 52d

Yes [A01]

332 G11Q063

If yes, how are securities held at the registrar for the account of the CSD?

PFMI: Q.11.3.2

AGC: 52e

Other: securities are held on beneficial owner level, except for omnibus account, where securities are held in a name of participant

333 G11Q064

Please describe:

PFMI: Q.11.3.2

AGC: 52f

334 G11Q065

If the securities held with the CSD are recorded by book-entry at the registrar but are not registered exclusively to the CSD, may they be registered to:

PFMI: Q.11.3.2

AGC: 52g

335 G11Q066

Please describe:

PFMI: Q.11.3.2

AGC: 52h

338 G11Q069

Does the CSD accept liability (independent of any insurance coverage) for the following: Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

PFMI: Q.11.4.1

AGC: 66, 66a, 66d

Not applicable [A02]

339 G11Q070

If yes, please check all of the following that apply:

PFMI: Q.11.4.1

AGC: 66b 66c

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

340 G11Q071

Theft of securities (either physical certificate or electronically from accounts at the CSD) from the CSD that results in direct damages or losses to participants?

*PFMI: Q.11.4.1**AGC: 66e, 66g, 66h*

Yes [A02]

341 G11Q072

If yes, please check all of the following that apply:

*PFMI: Q.11.4.1**AGC: 66f*

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER: In the event of electronic theft of securities by a CSD employee(s), the CSD is liable under the appropriate provisions of the Civil Law. The amount of liability resulting from a decision under the Civil Law would be determined as a result of court proceedings.

342 G11Q073

Failure of the CSD's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

*PFMI: Q.11.4.1**AGC: 66i, 66l.*

Not applicable [A03]

343 G11Q074

If yes, please check all of the following that apply:

*PFMI: Q.11.4.1**AGC: 66j, 66k*

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

344 G11Q075

Any direct damages or losses to participants caused by the CSD due to its errors, omissions or fraud?

*PFMI: Q.11.4.1**AGC: 66m, 66p.* Yes

- No
- Not applicable
- OTHER: In the event of direct damages caused by the CSD due to its errors, omissions or fraud, the CSD is liable under the appropriate provisions of the Civil Law and Law on Obligations. The amount of liability resulting from a decision under the Civil Law would be determined as a result of court proceedings or bilateral agreement to compensate the losses.

345 G11Q076

If yes, please check all of the following that apply:

PFMI: Q.11.4.1

AGC: 66n.

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

347 G11Q078

Is the CSD immune from legal action in its own jurisdiction?

PFMI: Q.11.4.2

AGC: 68

No [A02]

349 G11Q080

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

PFMI: Q.11.4.3

AGC: 92

Other: CSD has a insurance for professional responsibility which covers Operational Errors, Fidelity, Errors and Omissions. The amount of coverage is 150.000 EUR

350 G11Q081

What is the amount of the coverage?

PFMI: Q.11.4.3

AGC: 92a.

351 G11Q082

What is the amount of the deductible?

PFMI: Q.11.4.3

AGC: 92b.

10%, up to 5000 EUR

352 G11Q083
Does the CSD have insurance for Operational Errors?

PFMI: Q.11.4.3
AGC: 93

Other: CSD has a insurance for professional responsibility which covers Operational Errors, Fidelity, Errors and Omissions. The amount of coverage is 150.000 EUR

353 G11Q084
What is the amount of the coverage?

PFMI: Q.11.4.3
AGC: 93a.

354 G11Q085
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 93b.

355 G11Q086
Does the CSD have Errors and Omissions insurance?

PFMI: Q.11.4.3
AGC: 94

Other: CSD has a insurance policy for professional responsibility which covers Operational Errors, Fidelity, Errors and Omissions. The amount of coverage is 150.000 EUR

356 G11Q087
What is the amount of the coverage?

PFMI: Q.11.4.3
AGC: 94a.

357 G11Q088
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 94b.

358 G11Q089
Does the CSD have insurance for the Premises?

PFMI: Q.11.4.3
AGC: 95

Yes [A01]

359 G11Q090

What is the amount of the coverage?

PFMI: Q.11.4.3

AGC: 95a.

519.604 EUR

360 G11Q091

What is the amount of the deductible?

PFMI: Q.11.4.3

AGC: 95b.

Not applicable.

361 G11Q092

Does the CSD have any other insurance?

PFMI: Q.11.4.3

AGC: 96, 96d

Yes [A01]

362 G11Q093

If so, what is it for?

PFMI: Q.11.4.3

AGC: 96a.

Technical equipment

363 G11Q094

What is the amount of the coverage?

PFMI: Q.11.4.3

AGC: 96b.

123.489 EUR

364 G11Q095

What is the amount of the deductible?

PFMI: Q.11.4.3

AGC: 96c.

365 G11Q096

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

PFMI: Q.11.4.3
AGC: 97

Eurolink Osiguruvanje AD Skopje

366 G11Q097

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

PFMI: Q.11.4.3
AGC: 97a.

n/a

367 G11Q098

What is the term of the policy?

PFMI: Q.11.4.3
AGC: 97b.

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

368 G11Q099

Who does the insurance cover?

PFMI: Q.11.4.3
AGC: 97c, 97d

- CSD
- Direct CSD participants
- Final investors
- Not applicable
- OTHER:

369 G11Q100

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

PFMI: Q.11.4.3
AGC: 98

370 G11Q101

filecount - Upload document here:

PFMI: Q.11.4.3
AGC: 98a.

0

371 G11Q102

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

*PFMI: Q.11.4.3**AGC: 67a, 67b.*

- Yes
- No
- Not applicable
- OTHER:

372 G11Q103

Please explain (then please answer 67c):

*PFMI: Q.11.4.3**AGC: 67b.*

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

373 G11Q104

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

*PFMI: Q.11.4.3**AGC: 67c.*

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

374 G11Q105

Insurance

*PFMI: Q.11.4.3**AGC: 67d.*

- Yes
- No
- Not applicable
- OTHER:

375 G11Q106

Please explain (then please answer 67f):

*PFMI: Q.11.4.3**AGC: 67e.*

376 G11Q107

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

PFMI: Q.11.4.3

AGC: 67f.

377 G11Q108

Acknowledgement of liability for losses caused by CSD's own actions.

PFMI: Q.11.4.3

AGC: 67g.

Yes [A01]

378 G11Q109

Please explain (then please answer 67i):

PFMI: Q.11.4.3

AGC: 67h.

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

379 G11Q110

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

PFMI: Q.11.4.3

AGC: 67i.

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

380 G11Q111

Other

PFMI: Q.11.4.3

AGC: 67j.

381 G11Q112

Please explain (then please answer 67l):

PFMI: Q.11.4.3

AGC: 67k.

382 G11Q113

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

PFMI: Q.11.4.3
AGC: 67l.

384 G11Q115
Are participants permitted to maintain more than one account at the CSD?

PFMI: Q.11.5.1
AGC: 41

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

385 G11Q116
If yes, please indicate number:

PFMI: Q.11.5.1
AGC: 41a, 41c

- An unlimited number of accounts
- More than one account
- OTHER:

386 G11Q117
If more than one account what is the maximum?

PFMI: Q.11.5.1
AGC: 41b

388 G11Q119
Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?

PFMI: Q.11.5.2
AGC: 42

- Yes
- No
- Not applicable
- OTHER:

389 G11Q120
If yes, is segregation required or simply permitted?

PFMI: Q.11.5.2
AGC: 42a

Required [A01]

390 G11Q121
How does segregation occur?

PFMI: Q.11.5.2
AGC: 42b, 42c

- By separately designated participant accounts.
- By sub-accounts within a single participant account.
- By separately designated beneficial owner accounts.
- OTHER:

391 G11Q122
Does the CSD permit its participants to open accounts in the participant's own nominee name(s)?

PFMI: Q.11.5.2
AGC: 43, 43b

Yes [A01]

392 G11Q123
If yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?

PFMI: Q.11.5.2
AGC: 43a

Yes [Y]

393 G11Q124
Does the CSD maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

PFMI: Q.11.5.2
AGC: 53, 53a

- Yes
- No
- Not applicable
- OTHER:

395 G11Q126
Please indicate services you provide.

PFMI: Q.11.6.1
AGC: 35

- Own list or: AGC: Information in advance on corporate (annual or special) meetings in order that

owners can vote.

- Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.
- In order to avoid fails, an automatic securities lending facility - if requested - is provided for.
- Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc.
- Same day turnaround settlements.
- Information on distribution of new issues (IPO, Privatization).
- Not applicable
- OTHER: Interest Payments, Issue Redemptions, Corporate Actions (Interest Payments, Bonus Shares, etc.) and variety of reports for the issuers, splits and mergers of ISIN's, assimilation of ISIN's, Shareholders Companies Takeover services

396 G11Q127

Automatic securities lending facility is provided for:

PFMI: Q.11.6.1

AGC: 35a

- Brokers
- Banks
- Other financial institutions
- OTHER:

397 G11Q128

If collateral handling, please provide details

PFMI: Q.11.6.1

AGC: 35c

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

398 G11Q129

Other, please explain:

PFMI: Q.11.6.1

AGC: 35d

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

Companies Takeover services

399 G11Q130

What procedures are in place for the processing of corporate action entitlements?

PFMI: Q.11.6.1

AGC: 36

- Credited to the securities account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
- Credited to the securities account upon actual receipt by the CSD.
- Corporate action entitlements are handled by an entity separate from the CSD.
- Not applicable
- OTHER: The Payment system (MIPS) of National Bank will be used in cases where the CSD is responsible for distributing money on behalf of Issuers. In the event of the CSD distributing money, the Issuer must place money in a separate CSD account at the NBRM. From the CSD account at the NBRM, the CSD will then send individual payment orders for each holder entitled to payment, to the banks of the holders. After banks have received the money, the banks are responsible for transferring the money to the individual holders accounts. The CSD system automatically sends Transfer Orders to the NBRM when the payments are due (Payment Date). If there are insufficient funds in the CSD account, the entire payment transfer fails. If the payment transfer fails, the transfer has to be re-sent.

400 G11Q131

Credited to the securities account:

PFMI: Q.11.6.1

AGC: 36a

- On pay date.
- On pay date +1.
- On pay date +2.
- OTHER:

401 G11Q132

Name of entity:

PFMI: Q.11.6.1

AGC: 36c

402 G11Q133

What procedures are in place for the processing of interest and dividends?

PFMI: Q.11.6.1

AGC: 37, 37d.

- Credited to the cash account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.

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

403 G11Q134

Credited to the cash account:

PFMI: Q.11.6.1

AGC: 37a

- On pay date.
- On pay date +1.
- On pay date +2.
- OTHER:

404 G11Q135

Name of entity:

PFMI: Q.11.6.1

AGC: 37c

Exchange-of-value settlement systems (PFMI Principle 12)

409 G12Q003

Does the CSD guaranty settlement?

PFMI: Q.12.1.1

AGC: 66u.

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

410 G12Q004

Please explain how this is accomplished. What are the procedures and safeguards that permit the CSD to guaranty settlement?

PFMI: Q.12.1.1

AGC: 66v.

412 G12Q006

The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble.

*PFMI: Q.12.1.2**AGC: 48*

- Model1
- Model2
- Model3
- Not applicable
- OTHER:

413 G12Q007

Please briefly describe your settlement process, including how do your settlement procedures vary from the model chosen above?

*PFMI: Q.12.1.3**AGC: 48a*

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

416 G12Q010

Are the cash and security movements simultaneous?

*PFMI: Q.12.1.3**AGC: 49*

Yes [A01]

417 G12Q011

If cash and security movements are not simultaneous, please indicate the duration of the timing gap

*PFMI: Q.12.1.3**AGC: 49a*

Participant default rules and procedures (PFMI Principle 13)

422 G13Q004

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

*PFMI: Q.13.1.2**AGC: 77*

No [A02]

423 G13Q005

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

*PFMI: Q.13.1.2**AGC: 77a*

424 G13Q006

Does the stock exchange have default protections that extend to the CSD, such as the following?

*PFMI: Q.13.1.2**AGC: 80*

- Margin requirements for stock exchange members
- Guaranty fund for stock exchange members
- Financial requirements for stock exchange membership
- No
- Not applicable
- OTHER:

425 G13Q007

Please explain:

*PFMI: Q.13.1.2**AGC: 80a*

428 G13Q010

Participant Default Protections Resulting from a Participant Failure. If a participant defaults, how is the loss covered? (Choose all that apply?)

*PFMI: Q.13.1.4**AGC: 76, 76d*

- CSD insurance covers the loss
- The CSD guaranty fund covers the loss
- Loss is shared among participants
- Not applicable
- OTHER:

429 G13Q011

Please explain the process:

*PFMI: Q.13.1.4**AGC: 76a*

430 G13Q012

Please explain the process of how the loss is shared:

*PFMI: Q.13.1.4**AGC: 76b*

431 G13Q013

Please explain:

*PFMI: Q.13.1.4**AGC: 76d*

Function of a guarantee fund is to mitigate counterparty and settlement risk amongst Participants. CSD is managing the guarantee fund but assets are owned by participants. Each participant, according to the Article 3. Rules of guarantee fund, is required to contribute 3.500€ to the fund as a flat rate contribution.

With usage of guarantee fund as a risk measure CSD is implicitly guaranteeing settlement in case of cash defaults up to the amount available in the guarantee fund. Participants are fined (around 250€) for cash default and CSD is blocking securities by transfer to the special securities account.

If the cash default is not covered until 14.00 CSD will suspend participant for at least 3 days (maximum 30 days). If the cash default is not covered in the 30 days CSD will sell blocked securities and transfer cash to the guarantee fund.

General business risk (PFMI Principle 15)

441 G14Q002

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

*PFMI: Q.17.2.3**AGC: 15*

Yes [Y]

442 G14Q003

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

*PFMI: n/a**AGC: 15a.*

Grant Thornton DOO Skopje

443 G14Q004

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

*PFMI: n/a**AGC: 15b.*

31/12/2018

444 G14Q005

Please list the period that the audit covered:

PFMI: n/a
*AGC: 15c.*Start date: 01/01/2018
End date: 31/12/2018

445 G14Q006

How frequently does the financial audit occur?

PFMI: n/a
AGC: 15d.

Annually [A02]

446 G14Q007

If less than annually, please explain:

PFMI: n/a
AGC: 15e.

447 G14Q008

Please select the statement that most accurately characterizes the results of the last financial audit:

PFMI: n/a
AGC: 15g.

No material exceptions found. [A01]

448 G14Q009

If minor or material exceptions were found, what actions were taken? Please describe:

PFMI: n/a
AGC: 15h.

449 G14Q010

Has there been any material loss by the CSD during the past three years?

PFMI: n/a
AGC: 86

No [A02]

450 G14Q011

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

PFMI: n/a
AGC: 86a.

451 G14Q012

Has the CSD been subject to any litigation involving a participant during the past three years?

PFMI: n/a

AGC: 87

No [A02]

452 G14Q013

Please explain the circumstances and resolution:

PFMI: n/a

AGC: 87a.

453 G14Q014

Has the CSD realized revenues sufficient to cover expenses during the past three years?

PFMI: n/a

AGC: 88, 88a

Yes for two of the last three years [A02]

454 G14Q015

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

PFMI: n/a

AGC: 30, 30m

No [A02]

455 G14Q016

If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter.

PFMI: n/a

AGC: 30a, 30j

- Corporate Action
- Settlement Process - Securities
- Settlement Process - Cash
- System Outage
- OTHER:

456 G14Q017

Corporate Action. Please specify number of instances:

PFMI: n/a

AGC: 30b.

457 G14Q018
Corporate Action. Please specify total loss in USD:

PFMI: n/a
AGC: 30c.

458 G14Q019
Settlement Process - Securities. Please specify number of instances:

PFMI: n/a
AGC: 30d.

459 G14Q020
Settlement Process - Securities. Please specify total loss in USD:

PFMI: n/a
AGC: 30e.

460 G14Q021
Settlement Process - Cash. Please specify number of instances:

PFMI: n/a
AGC: 30f.

461 G14Q022
Settlement Process - Cash. Please specify total loss in USD:

PFMI: n/a
AGC: 30g.

462 G14Q023
System Outage. Please specify number of instances:

PFMI: n/a
AGC: 30h.

463 G14Q024
System Outage. Please specify total loss in USD:

PFMI: n/a
AGC: 30i.

464 G14Q025
For Other, please specify number of instances:

PFMI: n/a
AGC: 30k.

465 G14Q026
For Other, please specify total loss in USD:

PFMI: n/a
AGC: 30l.

469 G14Q030
Does the CSD maintain a reserve for operating losses?

PFMI: Q.15.2.1
AGC: 89, 89b

Yes [A01]

472 G14Q033
Please describe and indicate reserve (for operating losses) amount:

PFMI: Q.15.2.2
AGC: 89a.

613.426,00 EUR

Custody risk (PFMI Principle 16)

486 G15Q003
Are there any activities performed by a third party on behalf of the CSD for the CSD participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?

PFMI: Q.16.1.1
AGC: 29, 29i

- Yes
- No
- Not applicable
- OTHER:

487 G15Q004
If third parties are employed, please indicate which services they supply:

PFMI: Q.16.1.1
AGC: 29a.

488 G15Q005

If third parties are employed, does the CSD assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?

PFMI: Q.16.1.1

AGC: 29b.

489 G15Q006

If you acknowledge responsibility, please indicate whether your responsibility is assumed

PFMI: Q.16.1.1

AGC: 29c, 29e.

- regardless of whether such loss was caused by any action or inaction of the agent
- if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be negligence on the part of the agent
- if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be gross negligence on the part of the agent
- if the loss was caused by the willful default or other willful conduct on the part of the agent
- OTHER:

490 G15Q007

If you acknowledge responsibility for agents, your responsibility is assumed for losses

PFMI: Q.16.1.1

AGC: 29d, 29h.

- without limit
- which are not consequential losses
- subject to a monetary limit not based on insurance limits
- subject to a monetary limit based on insurance limits
- OTHER:

491 G15Q008

Please specify limit:

PFMI: Q.16.1.1

AGC: 29f.

492 G15Q009

Please specify limit:

PFMI: Q.16.1.1

AGC: 29g.

497 G15Q014

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

*PFMI: Q.16.3.1**AGC: 62*

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

Operational risk (PFMI Principle 17)

515 G16Q011

Internal Audit. Is an internal audit undertaken in your CSD?

*PFMI: Q.17.2.3**AGC: 14*

Yes [Y]

516 G16Q012

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

*PFMI: Q.17.2.3**AGC: 14a.*

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

517 G16Q013

Please list the date of your last internal audit and the period that the audit covered:

*PFMI: Q.17.2.3**AGC: 14b.*

Start date: 01/04/2019

End date: 30/06/2019

Audit date: 12/07/2019

518 G16Q014

How frequently does the internal audit occur?

*PFMI: Q.17.2.3**AGC: 14c.*

Two or more times a year [A01]

519 G16Q015

If less than annually, please explain:

PFMI: Q.17.2.3
AGC: 14d.

520 G16Q016

Are the results of the internal audit publicly available?

PFMI: Q.17.2.3
AGC: 14e.

No [N]

521 G16Q017

Please select the statement that most accurately characterizes the results of the last internal audit:

PFMI: Q.17.2.3
AGC: 14f.

No material exceptions found. [A01]

522 G16Q018

If minor or material exceptions were found, what actions were taken? Please describe:

PFMI: Q.17.2.3
AGC: 14g.

524 G16Q020

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

PFMI: Q.17.2.4
AGC: 16

Yes [Y]

525 G16Q021

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

PFMI: Q.17.2.4
AGC: 16a.

The Securities and Exchange Commission of the Republic of North Macedonia, as a Regulatory Authority

526 G16Q022

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

PFMI: Q.17.2.4
AGC: 16b.

22/05/2019

527 G16Q023

Please list the period that the audit covered:

*PFMI: Q.17.2.4**AGC: 16c.*

Start date: 01/01/2018

End date: 17/05/2019

528 G16Q024

How frequently does the operational audit occur?

*PFMI: Q.17.2.4**AGC: 16d.*

Less than annually [A03]

529 G16Q025

If less than annually, please explain:

*PFMI: Q.17.2.4**AGC: 16e.*

Securities Exchange Commission performs regular audits as well as an extraordinary audits, depending on investigations of participants work.

530 G16Q026

Please select the statement that most accurately characterizes the results of the last operational audit:

*PFMI: Q.17.2.4**AGC: 16g.*

No material exceptions found. [A01]

531 G16Q027

If minor or material exceptions were found, what actions were taken? Please describe:

*PFMI: Q.17.2.4**AGC: 16h.*

538 G16Q034

How is access to the physical building controlled?

*PFMI: Q.17.5.1**AGC: 74*

- By guards
- By electronic keys
- personal ID card

By alarm system

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

539 G16Q035

Please explain:

PFMI: Q.17.5.1

AGC: 74a.

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

542 G16Q038

Regarding data security: Are passwords used by participants to access their accounts?

PFMI: Q.17.5.3

AGC: 71 71a.

Yes [A01]

543 G16Q039

Does each user have a unique user ID?

PFMI: Q.17.5.3

AGC: 71c.

Yes [A01]

544 G16Q040

Are passwords regularly changed?

PFMI: Q.17.5.3

AGC: 71e.

Yes [A01]

545 G16Q041

How often?

PFMI: Q.17.5.3

AGC: 71f.

Passwords are changed every 30 days

546 G16Q042

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

PFMI: Q.17.5.3

AGC: 71h.

Yes [A01]

547 G16Q043
How many?

PFMI: Q.17.5.3
AGC: 71i.

3

551 G16Q047

How quickly can the main system be reactivated in the event of an outage?

PFMI: Q.17.6.2
AGC: 82

1 - 4 hours [A01]

554 G16Q050

Will the CSD publicly announce any system interruption?

PFMI: Q.17.6.4
AGC: 84

Yes [A01]

555 G16Q051

To whom will the CSD disclose any system interruptions?

PFMI: Q.17.6.4
AGC: 84a.

- To the CSD regulators
- To all direct participants
- To direct and indirect participants
- To the public via the internet
- In the press
- OTHER:

556 G16Q052

If so, please list webpage address:

PFMI: Q.17.6.4
AGC: 84b.

557 G16Q053

If so, please list all publications:

PFMI: Q.17.6.4
AGC: 84c.

558 G16Q054
Please explain:

PFMI: Q.17.6.4
AGC: 84d.

559 G16Q055
How will the CSD disclose any system interruptions?

PFMI: Q.17.6.4
AGC: 84e.

- By e-mail
- By telephone
- Public announcement
- Press release
- OTHER:

560 G16Q056
Please explain:

PFMI: Q.17.6.4
AGC: 84f.

562 G16Q058
If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing?

PFMI: Q.17.6.5
AGC: 83

1 - 4 hours [A01]

566 G16Q062
BUSINESS RECOVERY PLAN. This section is intended to identify key aspects of the CSD's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP. Do you have a formal business recovery plan?

PFMI: Q.17.6.8
AGC: 81

Yes [Y]

567 G16Q063
Does your Business Recovery Plan include:

PFMI: Q.17.6.8

AGC: 81a, 81h.

- Back-up of all computer files
- Off-site data storage
- Back-up files stored and locked
- Off-site operations facility
- OTHER:

568 G16Q064

Please identify both the frequency and the last date of testing for the following third party: CSD participants/members

PFMI: Q.17.6.8

AGC: 81b.

Each system change and/or system enhancement is tested with participants prior to being placed in production. Last test was performed on 01.07.2019

569 G16Q065

Please identify both the frequency and the last date of testing for the following third party: Stock exchange

PFMI: Q.17.6.8

AGC: 81c.

Each system change and/or system enhancement is tested with Stock Exchange prior to be placed in production. Last test was performed on 01.07.2019

570 G16Q066

Please identify both the frequency and the last date of testing for the following third party: Central bank

PFMI: Q.17.6.8

AGC: 81d.

Test is performed 4 times in year. Last test was performed on 25.09.2019

571 G16Q067

Please identify both the frequency and the last date of testing for the following third party: Local brokers

PFMI: Q.17.6.8

AGC: 81e.

Local Brokers are participants in the system, Each system change and/or system enhancement is tested with participants prior to being placed in production. Last test was performed on 01.07.2019

572 G16Q068

Please identify both the frequency and the last date of testing for the following third party: Any other third party

PFMI: Q.17.6.8
AGC: 81f.

Disaster recovery facility was successfully tested on 20.09.2019

573 G16Q069

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

PFMI: Q.17.6.8
AGC: 85

No [A02]

574 G16Q070

If yes, how much time was needed to implement the recovery plan?

PFMI: Q.17.6.8
AGC: 85a.

575 G16Q071

How much time was needed to recover and restore business to normal operations?

PFMI: Q.17.6.8
AGC: 85b.

576 G16Q072

What was the impact to the market?

PFMI: Q.17.6.8
AGC: 85c, 85d.

- All securities settlements took place as scheduled on the same day with good value
- All cash settlements took place as scheduled on the same day with good value
- All securities settlements took place one business day late with good value
- All cash settlements took place one business day late with good value
- All securities settlements took place one business day late with value one day late
- All cash settlements took place one business day late with value one day late
- All securities settlements took place more than one business day late
- All cash settlements took place more than one business day late
- As a result of the system failure, all fines and penalties for late settlements were waived
- Even though there was a system failure, all fines and penalties for late settlements were still assessed
- OTHER:

577 G16Q073

If no or other, please explain

*PFMI: Q.17.7.4**AGC: 40a.*

579 G16Q075

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

*PFMI: Q.17.7.1**AGC: 39* Yes No Not applicable

580 G16Q076

Please explain

*PFMI: Q.17.7.1**AGC: 39a*

584 G16Q080

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

*PFMI: Q.17.7.4**AGC: 40*

Yes [A01]

Access and participation requirements (PFMI Principle 18)

588 G17Q003

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

*PFMI: Q.18.1.1**AGC: 19*

Yes [A01]

592 G17Q007

What governs the relationship between the CSD and the participants?

*PFMI: Q.18.2.2**AGC: 20* Relevant law and regulation

- Standard participation contract
- Established terms and conditions of participation
- By-laws of the CSD
- Rules of the CSD
- Not applicable
- OTHER:

593 G17Q008

Please explain:

PFMI: Q.18.2.2

AGC: 20a

595 G17Q010

PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently?

PFMI: Q.18.2.3

AGC: 17, 17q

- Banks
- Brokers
- Individuals
- Foreign Institutions
- Not applicable
- OTHER:

596 G17Q011

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

PFMI: Q.18.2.3

AGC: 17a.

6

597 G17Q012

Please select the features included in the eligibility requirements for Banks.

PFMI: Q.18.2.3

AGC: 17b, 17d

- Financial Thresholds
- Regulatory Oversight

Market Experience

OTHER: The Participants must fulfil the conditions prescribed in the CSD Rules of Operations and the Membership Rules of the CSD to become a member of the CSD. Both of these regulations are approved by the Securities and Exchange Commission of the Republic of Macedonia. The Rules are published at the CSD web site www.cdhv.mk

598 G17Q013

Please explain:

PFMI: Q.18.2.3

AGC: 17d.

The Participants must fulfil the conditions prescribed in the CSD Rules of Operations and the Membership Rules of the CSD to become a member of the CSD. Both of these regulations are approved by the Securities and Exchange Commission of the Republic of North Macedonia. The Rules are published at the CSD web site www.cdhv.mk

599 G17Q014

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

PFMI: Q.18.2.3

AGC: 17e.

5

600 G17Q015

Please select the features included in the eligibility requirements for Brokers.

PFMI: Q.18.2.3

AGC: 17f, 17h

Financial Thresholds

Regulatory Oversight

Market Experience

OTHER: The Participants must fulfil the conditions prescribed in the CSD Rules of Operations and the Membership Rules of the CSD to become a member of the CSD. Both of these regulations are approved by The Securities and Exchange Commission of the Republic of Macedonia. The Rules are published at the CSD web site www.cdhv.mk

601 G17Q016

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

PFMI: Q.18.2.3

AGC: 17i.

602 G17Q017

Please select the features included in the eligibility requirements for Individual participants.

PFMI: Q.18.2.3

AGC: 17j.

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: Only legal entities - brokerage houses, banks, Fund management companies can be Participants

603 G17Q018

How many Foreign Institution participants are there currently?

PFMI: Q.18.2.3

AGC: 17m.

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

604 G17Q019

Please select the features included in the eligibility requirements for Foreign Institution participants.

PFMI: Q.18.2.3

AGC: 17n, 17p.

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: The Participants (domestic or foreign) must fulfil the conditions prescribed in the CSD Rules of Operations and the Membership Rules of the CSD to become a member of the CSD. Both of these regulations are approved by The Securities and Exchange Commission of the Republic of Macedonia. The Rules are published at the CSD web site www.cdhv.mk

605 G17Q020

If you have selected "Other entities" above, please explain:

PFMI: Q.18.2.3

AGC: 17q.

The Participants (domestic or foreign) must fulfill the conditions prescribed in the CSD Rules of Operations and the Membership Rules of the CSD to become a member of the CSD. Both of these regulations are approved by The Securities and Exchange Commission of the Republic of Macedonia. The Rules are published at the CSD web site www.cdhv.mk

606 G17Q021

Indicate how many "Other entities" are currently participants?

PFMI: Q.18.2.3

AGC: 17r.

none

607 G17Q022

Please select the features included in the eligibility requirements for the participants referred to above as "Other entities".

PFMI: Q.18.2.3

AGC: 17s, 17u

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

610 G17Q025

Where can a description of the specific eligibility requirements for Bank participants be found?

PFMI: Q.18.2.5

AGC: 17c.

611 G17Q026

Where can a description of the specific eligibility requirements for Broker participants be found?

PFMI: Q.18.2.5

AGC: 17g.

612 G17Q027

Where can a description of the specific eligibility requirements for Individual participants be found?

PFMI: Q.18.2.5

AGC: 17k.

613 G17Q028

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

PFMI: Q.18.2.5

AGC: 17o.

614 G17Q029

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

PFMI: Q.18.2.5

AGC: 17t.

615 G17Q030

How does the CSD notify participants of material changes to the conditions of participation?

*PFMI: Q.18.2.5**AGC: 22*

- By e-mail
- By telephone
- By public announcement
- By press release
- Not applicable
- OTHER: By Letter of Notification delivered to Participants and as a news announcement on the CSD's web site

616 G17Q031

Please explain:

*PFMI: Q.18.2.5**AGC: 22a.*

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

618 G17Q033

Who enforces compliance with the CSD's conditions of participation?

*PFMI: Q.18.3.1**AGC: 23*

- The CSD
- The exchange
- The CSD's regulator
- Not applicable
- OTHER:

619 G17Q034

Please explain:

*PFMI: Q.18.3.1**AGC: 23a*

620 G17Q035

Does the CSD have forms of oversight management for assessing and monitoring of the following?

*PFMI: Q.18.3.1**AGC: 79*

- Participant eligibility requirements
- Participant volumes
- Participant financial strength
- Other loss or default protections the CSD maintains
- Collateral requirements for participants
- Debit caps for participants
- Settlement controls that minimize or eliminate the risk of default by a participant
- Blocking of securities movement before receipt of payment
- Blocking payment until securities are moved
- Not applicable
- OTHER:

621 G17Q036
Please explain other loss or default protections:

PFMI: Q.18.3.1
AGC: 79a

622 G17Q037
Please explain the requirements:

PFMI: Q.18.3.1
AGC: 79b

623 G17Q038
Please explain how these debit caps work:

PFMI: Q.18.3.1
AGC: 79c

624 G17Q039
What type or types of settlement controls

PFMI: Q.18.3.1
AGC: 79d.

- Blocking or freezing of securities positions
- Controlling DVP settlement
- Simultaneous DVP
- OTHER:

625 G17Q040
Please explain:

PFMI: Q.18.3.1
AGC: 79e.

626 G17Q041
Please explain:

PFMI: Q.18.3.1
AGC: 79f.

Securities are blocked from Trade Date until Settlement Date

627 G17Q042
Please explain:

PFMI: Q.18.3.1
AGC: 79g.

Cash positions at the Central Bank are checked from 10:00AM to 11:00AM on Settlement Date
Simultaneous DVP is processed at 10:00AM. Cash positions are blocked for one hour afterwards.

628 G17Q043
Please identify and explain:

PFMI: Q.18.3.1
AGC: 79h

629 G17Q044
Please explain briefly how these work:

PFMI: Q.18.3.1
AGC: 79i

632 G17Q047
What enforcement actions are available to the enforcement authority?

PFMI: Q.18.3.3
AGC: 24

- Fines
- Restrictions on participation
- Suspension of participation
- Termination of participation

Not applicable

OTHER:

633 G17Q048

Please explain:

PFMI: Q.18.3.3

AGC: 24a

634 G17Q049

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

PFMI: Q.18.3.3

AGC: 25

No [N]

635 G17Q050

If yes, please explain, including information relative to any suspensions of CSD participants:

PFMI: Q.18.3.3

AGC: 25a.

Tiered participation (PFMI Principle 19)

Links (PFMI Principle 20)

652 G19Q004

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

PFMI: Q.20.1.2

AGC: 38

n/a , electronic link with National Bank for the settlement of the cash leg of trade transactions, as well as corporate actions payments and payments in the process of Company takeovers

Efficiency and effectiveness (PFMI Principle 21)

Communication (PFMI Principle 22)

677 G21Q003

Security Control. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts?

PFMI: Q.22.1.1

AGC: 69

By direct electronic link

By receipt of physical account holding statements

Not applicable

OTHER:

678 G21Q004

Please explain:

PFMI: Q.22.1.1

AGC: 69a.

679 G21Q005

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

PFMI: Q.22.1.1

AGC: 70

No [A02]

680 G21Q006

How is access given to participants?

PFMI: Q.22.1.1

AGC: 70a.

By direct electronic link

OTHER:

681 G21Q007

Please select type of electronic link:

PFMI: Q.22.1.1

AGC: 70b.

Dial-up modem

Secured, leased, dedicated telephone line

Internet

Fax

682 G21Q008

Please explain:

PFMI: Q.22.1.1

AGC: 70c.

683 G21Q009

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

*PFMI: Q.22.1.1**AGC: 72*

Yes [A01]

684 G21Q010

Please explain:

*PFMI: Q.22.1.1**AGC: 72a*

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

685 G21Q011

How does the CSD communicate with Stock Exchanges?

*PFMI: Q.22.1.1**AGC: 73 73a*

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

686 G21Q012

How does the CSD communicate with Payment Systems?

*PFMI: Q.22.1.1**AGC: 73b*

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper

- other
- Not applicable
- OTHER:

687 G21Q013
How does the CSD communicate with Clearing Houses?

PFMI: Q.22.1.1
AGC: 73c

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

688 G21Q014
How does the CSD communicate with Registrars?

PFMI: Q.22.1.1
AGC: 73d

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

Transparency and disclosure (PFMI Principle 23)

713 G22Q020
Capital. Are annual financial statements publicly disclosed?

PFMI: Q.23.5.3
AGC: 13

Yes [A01]

714 G22Q021

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

PFMI: Q.23.5.3

AGC: 13a.

Yes [Y]

715 G22Q022

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

PFMI: Q.23.5.3

AGC: 13b.

lvestaj_za_rabota_2018_god.pdf (1955KB)

1

716 G22Q023

filecount - If more than one document for 13b, please upload the additional document here:

PFMI: Q.23.5.3

AGC: 13c.

0

717 G22Q024

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

PFMI: Q.23.5.3

AGC: 13d.

http://cdhv.mk/ControlPanel/Upload/lvestaj_za_rabota_2018_god.pdf

718 G22Q025

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

PFMI: Q.23.5.3

AGC: 13e.

719 G22Q026

Reserves (then please answer 13g):

PFMI: Q.23.5.3

AGC: 13f.

720 G22Q027
Retained Earnings:

PFMI: Q.23.5.3
AGC: 13g.

722 G22Q029

AGC members from time to time receive requests from their direct investor-clients for an informational copy of a CSD's completed questionnaire. Such requests typically lead to interactions between personnel at the CSD in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories. Do you approve of AGC members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?

PFMI: Q.23.5.4
AGC: 100

Yes [Y]

723 G22Q030

Are the results of the financial audit publicly available?

PFMI: Q.23.5.4
AGC: 15f

Yes [Y]

724 G22Q031

Are the results of the operational audit publicly available?

PFMI: Q.23.5.4
AGC: 16f

Compliance with SEC Rule 17f-7

727 G23Q001

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

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

PFMI: n/a
AGC: 1

Yes [Y]

728 G23Q002

Please explain

*PFMI: n/a**AGC: 1a*

All securities issued in Republic of North Macedonia are dematerialized, and all of them are classified and registered in the CSD under an ISIN number. This allows for the securities to be treated as fungible. One security that is issued by one issuer and that bears the same rights is always issued by unique ISIN. Thus the securities that are issued with the same conditions by one issuer are regarded interchangeable and are not deferring from the others in the series.

729 G23Q003

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

Does your institution:

*PFMI: n/a**AGC: 2*

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated?

Act as or operate a transnational system for the central handling of securities or equivalent book-entries?

Act in another capacity with respect to the handling of securities or equivalent book-entries?

Not applicable

OTHER:

730 G23Q004

Please explain:

*PFMI: n/a**AGC: 2a.*

731 G23Q005

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

*PFMI: n/a**AGC: 2b.*

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

732 G23Q006

Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act , with section 2(a)(50) establishing that z

'foreign financial regulatory authority' means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above." Who regulates the activities of the CSD?

PFMI: n/a
AGC: 8

- A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.
- A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.
- A membership organization which regulates the participation of its members in securities matters or other financial activities.
- OTHER:

733 G23Q007
Please explain:

PFMI: n/a
AGC: 8a.

734 G23Q008
Please provide the name of regulatory authority(ies) identified in question 8:

PFMI: n/a
AGC: 9

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

735 G23Q009
Rule 17f-7 requires that an Eligible Securities Depository is subject to periodic examination by regulatory authorities or independent accountants. Is the CSD subject to periodic examination by:

PFMI: n/a
AGC: 10

- Regulatory authorities?
- Independent accountants?
- OTHER:

736 G23Q010
Please explain:

PFMI: n/a
AGC: 10a

737 G23Q011

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

*PFMI: n/a**AGC: 11*

The Securities and Exchange Commission of the Republic of North Macedonia

738 G23Q012

What enforcement actions are available to regulatory authority #1 for breach of applicable statute or regulatory requirements?

*PFMI: n/a**AGC: 11a.*

- Fines
- Restrictions on CSD activities.
- Suspension of CSD activities.
- Termination of CSD activities.
- OTHER:

739 G23Q013

Please explain:

*PFMI: n/a**AGC: 11b.*

740 G23Q013A

Name of Authority #2:

741 G23Q014

What enforcement actions are available to regulatory authority #2 for breach of applicable statute or regulatory requirements?

*PFMI: n/a**AGC: 11c.*

- Fines
- Restrictions on CSD activities.
- Suspension of CSD activities.
- Termination of CSD activities.
- OTHER:

742 G23Q015

Please explain:

PFMI: n/a

AGC: 11d.

743 G23Q016

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

PFMI: n/a

AGC: 12

Yes

No

OTHER:

744 G23Q017

If yes, please explain:

PFMI: n/a

AGC: 12a.

745 G23Q018

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

PFMI: n/a

AGC: 90

No [A02]

746 G23Q019

Please describe:

PFMI: n/a

AGC: 90a.

747 G23Q020

In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the CSD?

PFMI: n/a

AGC: 90b.

748 G23Q021

If yes, please describe:

PFMI: n/a
AGC: 90c.

749 G23Q022
If no, why not?

PFMI: n/a
AGC: 90d.

750 G23Q023

Rule 17f-7 requires that an Eligible Securities Depository holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants. Please confirm that assets of foreign investors held by custodians as participants in the CSD are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

PFMI: n/a
AGC: 21

Yes [A1]

751 G23Q024

If no, other or not applicable, please explain:

PFMI: n/a
AGC: 21a.

752 G23Q025

Please confirm the basis for the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants.

PFMI: n/a
AGC: 21b, 21c.

- Relevant Law and Regulation
- Standard participation contract
- Established terms and conditions of participation
- By-laws of the CSD
- Rules of the CSD
- OTHER:

753 G23Q027

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

PFMI: n/a
AGC: 21d

Law on securities and CSD's Operating Rules

754 G23Q028

Rule 17f-7 requires that an Eligible Securities Depository provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account. Does the CSD make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

PFMI: n/a

AGC: 46

Yes [A01]

755 G23Q029

If no or other, please explain

PFMI: n/a

AGC: 46a.

756 G23Q030

If yes, please indicate the scheduled frequency:

PFMI: n/a

AGC: 46b, 46c.

- Daily
- Weekly
- Monthly
- Quarterly
- Annually
- Upon request

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

Relevant RSSS recommendations

Appendices

765 G25Q002

I am submitting up-to-date information in response to: