

PUBLIC DEBT LAW¹

¹ In the unofficial cleared version of the Public debt law are incorporated: Public debt law (“Official Gazette of Republic of Macedonia” no.62/05), Decision of the Constitutional court U.no.49/2006-0-0 (“Official Gazette of Republic of Macedonia” no.137/06), Law on modifications and amendments to the Law on public debt (“Official Gazette of Republic of Macedonia” no.88/08), and Law on modifications and amendments to the Law on public debt (“Official Gazette of Republic of Macedonia” no.35/11).

I. GENERAL PROVISIONS

Scope of the Law

Article 1

This Law shall stipulate the public debt management, the purposes of the public debt, the procedure of issuance, servicing and termination of sovereign guarantees, as well as information on public debt.

Definitions

Article 2

Certain terms used in this Law shall have the following meaning:

1. Sovereign debt shall be sum of all financial liabilities created by borrowing by the Republic of Macedonia, public institutions established by the Republic of Macedonia and the municipalities, municipalities within the City of Skopje and the City of Skopje, excluding debt of public enterprises and companies being fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje and the National Bank of the Republic of Macedonia.

2. Public Debt shall comprise sovereign debt and debt of the public enterprises and companies being fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje and debt of the National Bank of Macedonia.

3. Issuers of public debt shall mean the Government of the Republic of Macedonia, public institutions established by the Republic of Macedonia, municipalities, municipalities within the City of Skopje and the City of Skopje, public enterprises and companies being fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje and the National Bank of the Republic of Macedonia.

4. Borrowing shall mean procedure for creation of financial liabilities by conclusion of loan agreement and/or issuance of government securities.

5. Debt of National Bank of the Republic of Macedonia shall comprise all financial liabilities incurred so as to implement the monetary policy, for balance of payment support as well as other financial liabilities incurred on the basis of a loan.

6. Short-term borrowing shall mean borrowing with maturity period of up to one year.

7. Long-term borrowing shall mean borrowing with maturity period of one year and exceeding one year.

8. Servicing of public debt shall mean all payments on the basis of due interest and principal arising from debt, as well as all other payments upon

costs incurred pursuant to the terms and conditions under which the debt was incurred.

9. Refinancing shall mean borrowing to the end of providing resources for repayment of existing public debt.

10. Rescheduling shall mean changing the terms and conditions and/or the structure of an existing public debt, without new borrowing.

11. Sovereign guarantee shall mean potential liability assumed by the Republic of Macedonia on behalf of the issuer of public debt for the account of which the guarantee was issued.

12. Agent shall mean domestic or foreign financial institution that may carry out certain operations, laid down by law, on behalf of and for the account of the Ministry of Finance.

Article 3

Issuers of public debt shall borrow in accordance with the criteria and procedures laid down in this law.

Article 4

(1) Borrowing by municipalities, public enterprises and companies fully or predominantly owned by the municipalities shall be carried out in accordance with this Law and the Law on Local Financing.

(2) Borrowing by the municipalities within the City of Skopje, the City of Skopje, public enterprises and companies fully or predominantly owned by the municipalities in the City of Skopje and the City of Skopje shall be made in accordance with this Law, Law on Local Financing and the Law on the City of Skopje.

(3) The manner and the procedure for borrowing by municipalities, public enterprises and companies being fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje shall be regulated in more detail by the Government of the Republic of Macedonia.

(4) Servicing of liabilities incurred by municipal borrowing, borrowing by the municipalities within the City of Skopje and by the City of Skopje shall be made by the municipalities, the municipalities within the City of Skopje and the City of Skopje.

(5) In case when the Republic of Macedonia borrows and on-lends the resources to the municipalities, the municipalities within the City of Skopje and to the City of Skopje, liabilities are serviced by the municipalities, the municipalities within the City of Skopje and by the City of Skopje which are the final beneficiaries of the resources obtained by borrowing by the Republic of Macedonia.

(6) In case the Ministry of Finance, on behalf of the municipalities, the municipalities within the City of Skopje and the City of Skopje, services the liabilities referred to in paragraph (4) of this Article, the Ministry of Finance shall be entitled to collect the claims including principal, interest, default interest and other costs incurred due to the inability of the municipalities, the municipalities within the City of Skopje and the City of Skopje as final beneficiary of the borrowing to service the liability on the due date.

(7) In case the municipalities, the municipalities within the City of Skopje and the City of Skopje fail to pay the claim referred to paragraph (5) of this Article to the Ministry of Finance, the Ministry of Finance shall be entitled to:

- to shift resources from the budget account of the municipality, the municipality within the City of Skopje and the City of Skopje to the account of the Budget of the Republic of Macedonia, up to the amount necessary to collect the claim, and/or
- to keep part of the grants to be distributed to the municipality, the municipality within the City of Skopje and the City of Skopje, up to the amount necessary to collect the claim.

Article 5

(1) The debt of the National Bank of the Republic of Macedonia shall be considered public debt.

(2) The National Bank of the Republic of Macedonia shall be issuer of public debt for which the borrowing criteria and provisions stipulated under this Law shall not apply.

(3) The debt of the National Bank of the Republic of Macedonia shall be used only for statistical purposes.

Article 6

All financial liabilities undertaken by residents of the Republic of Macedonia, not being issuers of public debt, shall be private debt.

Article 6a

(1) The borrowing procedure stipulated under this Law shall not refer to issuers of public debt when opening letters of credit, issuing bank guarantees and/or providing financial leasing.

(2) For any contract for opening letter of credit, issuance of bank guarantee and/or providing financial leasing, public debt issuers shall be obliged to inform the Ministry of Finance within 5 business days.

II. PUBLIC DEBT MANAGEMENT POLICY

Article 7

(1) Public debt management shall be set of measures and activities the Ministry of Finance undertakes within the responsibilities specified in this or other law.

(2) Public debt management policy shall be determined for a period of three years and shall be part of the Fiscal Strategy of the Ministry of Finance.

(3) Public debt management policy shall include:

- determining the amount (limit) of public debt on the medium term;
- determining the amount (limit) of sovereign guarantees on the medium term;
- maximum amount of new borrowing in the current year;
- maximum amount of newly issued sovereign guarantees in the current year;
- identification, monitoring and managing risks which the public debt portfolio is exposed to;
- financing the needs of the state with the lowest possible costs on the medium- and the long-term and sustainable level of risk; and
- development and maintenance of an efficient domestic financial market.

(4) Debt of the National Bank of the Republic of Macedonia shall not be part of the public debt management policy referred to in paragraph (3) of this Article.

Article 8

(1) Public debt limit shall be determined on the basis of the ratio between the public debt and the gross domestic product. Public debt limit shall not refer to debt of the National Bank of the Republic of Macedonia.

(2) Public debt amount denominated in foreign currency shall be calculated in denars, according to the middle exchange rate at the official exchange rate list of the National Bank of the Republic of Macedonia valid on the calculation date.

(3) Debt of municipalities, municipalities within the City of Skopje and of the City of Skopje, of public enterprises and companies fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje and the debt of the National Bank of the Republic of Macedonia shall be included in the calculation of public debt, but shall not mean a liability of the Budget of the Republic of Macedonia, except in cases of issuance of sovereign guarantee.

Article 9

The limit of public debt shall not pose constraint for regular servicing of the debt.

Article 10²

Article 11

(1) The Ministry of Finance has the following competences in managing public debt:

- preparation of annual report for public debt management;
- proposing of the source and structure of borrowing for financing of budget deficit;
- undertaking activities related to regular servicing of sovereign debt;
- control of timely servicing of public debt by issuers of public debt;
- undertaking measures for collection of claims from issuers of public debt on behalf of which payment was made upon called-up guarantee, i.e. loan agreement;
- undertaking measures in relation to the limit of public debt;
- preparation and publication of Calendar of planned issuances of government securities for the current year;
- organization and issuance of government securities on behalf of the Republic of Macedonia;
- records the issuances of government securities, monitors the transactions with government securities on the secondary market and creates conditions for development of the secondary market;
- setting of criteria for selection of authorized participants on the government securities market;
- undertaking of activities for minimizing the cost for servicing the sovereign debt and the issued sovereign guarantees;
- undertaking activities for reducing public debt- and state guarantees-related risk.
- utilization of financial derivatives to the end of elimination or reduction of financial risks;
- monitoring of the balance of the treasury single account and management with the investment the excess of funds thereon;
- monitoring of balances of the foreign exchange accounts of the state opened and kept with the National Bank of the Republic of Macedonia and management with the excess funds on the account of the Ministry of Finance;
- conclusion of agreements for exercising competences laid down under this law;

² Article 10 is deleted with the Law on modifications and amendments to the Law on public debt ("Official Gazette of Republic of Macedonia" no.35/11).

- mediates in the borrowing procedure of public debt issuers;
- gives recommendations to public debt issuers regarding the borrowing conditions in case of financing of projects which requires borrowing; and
- selects authorized participants on the government securities market.

(2) The Ministry of Finance has the following competences in public debt management, which can be transferred to an agent:

- Keeps public debt registry;
- Keeps registry of issued sovereign guarantees;
- keeps registry of holders of government securities;
- organizes and implements activities referring to the primary government securities market;
- checks whether the authorized participants on the government securities market fulfill the assessment criteria and selects authorized participants on the government securities market;
- prepares information on the financial condition of the authorized participants with government securities;
- manages the foreign exchange accounts of the state;
- manages the reinvestment of funds from the revolving Funds created by borrowing by the Republic of Macedonia.

(3) The Minister of Finance shall prescribe the contents and the manner of keeping and using the data from the public debt registry and the registry of issued sovereign guarantees;

(4) The Ministry of Finance can transfer the competences referred to in paragraph 2 of this Article, by concluding agreement with an agent.

(5) The Ministry of Finance shall inform the public on the transferred competences referred to in paragraph 2 of this Article.

III. SOVEREIGN DEBT

Purposes and Treatment of Sovereign debt

Article 12

(1) The sovereign debt shall be incurred and used for the following:

- financing projects and investments;
- support to the balance of payments;
- support to the foreign exchange reserves of the Republic of Macedonia;
- fostering the development of the financial markets in the Republic of Macedonia;
- budget deficit financing;
- Interim financing of the liquidity connected with cash flows;
- refinancing sovereign debt;
- Payment upon issued sovereign guarantees, and

- protection or elimination of effects caused by natural or environmental disaster.

(2) Projects proposed for financing, referred to in paragraph 1 indent 1 of this Article should fulfill the following criteria:

- harmonisation of the strategic documents of the Government of the Republic of Macedonia;

- justification of the intention for which the funds are used to perform public function; and

- issuers of public debt to provide co-financing resources to the end of smooth project implementation.

(3) Projects proposed for financing referred to in paragraph 1 indent 1 of this Article, will be given priority should they meet the solvency criterion of the issuer of public debt which proposes the project.

Article 13

(1) Claims of creditors under sovereign debt are a priority liability of the Budget of the Republic of Macedonia for regular servicing, with exception of the debt of the municipalities, municipalities within the City of Skopje and the City of Skopje.

(2) All financial liabilities constituting sovereign debt shall be equally treated.

Article 14

(1) The Budget of the Republic of Macedonia shall also set the long-term spending rights in the future fiscal years.

(2) The amount of resources for long-term spending rights shall be determined on the basis of the commitments under concluded agreements, commitments on the basis of co-financing, borrowing agreements, decisions on issuance of government securities and obligations on the basis of membership acquired by the Republic of Macedonia in international financial institutions.

Article 15

Borrowing can be made in the country and abroad and be denominated in both domestic and foreign currency.

Borrowing with Concluding a Loan Agreement

Article 16

(1) Government of the Republic of Macedonia shall, on behalf of the Republic of Macedonia, conclude Loan Agreements, which shall be signed by the Minister of Finance on behalf of the Government of the Republic of Macedonia.

(2) Legislative, judicial and executive branch, public institutions established by the Republic Macedonia and the municipalities, the municipalities within the City of Skopje and the City of Skopje may give initiative on commencing negotiations for borrowing upon prior approval by the Ministry of Finance.

(3) Initiative referred to in paragraph (2) of this Article, as regards public institutions established by Republic of Macedonia and the municipalities, the municipalities within the City of Skopje and the City of Skopje, shall include the following:

- decision on borrowing, which shall mandatory include the amount and purpose of such borrowing;
- request for borrowing, containing project data and data on financial capacity of the public institutions established by the Republic of Macedonia and the municipalities, the municipalities within the City of Skopje and the City of Skopje.

(4) Representatives of the Ministry of Finance and other authorized representatives of the Government of Republic of Macedonia shall be obliged to participate in the negotiations referred to in paragraph (2) of this Article.

(5) Issuers referred in paragraph (2) of this Article shall conclude Loan Agreement, upon adoption of a separate law for each new foreign borrowing.

(6) Issuers referred in paragraph (2) of this Article shall conclude Loan Agreement, upon adoption of a decision by the Government of the Republic of Macedonia for each new domestic borrowing.

(7) Form and contents of the request for borrowing referred to in paragraph (3), indent 2 of this Article shall be stipulated by the Minister of Finance.

Article 17

(1) In case the loan agreement envisages on-lending, the loan may be conceded to issuers of public debt or to commercial banks registered in the Republic of Macedonia.

(2) The Minister of Finance shall conclude agreement on behalf of the Government of the Republic of Macedonia with the entities referred to in paragraph 1 of this Article, defining the conditions of concession of the resources.

(3) The Government of the Republic of Macedonia shall stipulate the selection criteria for the entities referred to in paragraph 1 of this Article.

Borrowing by Issuance of Government Securities

Article 18

(1) Borrowing by issuance of government securities shall be carried out by issuance of short-term and long-term securities.

(2) Government securities may be denominated in domestic currency, with or without foreign exchange clause, or in foreign currency.

(3) Government securities can be issued on the domestic or international capital market.

(4) Government securities, on behalf of the Republic of Macedonia, shall be issued by the Ministry of Finance upon prior adopted annual decision by the Government of the Republic of Macedonia, determining the maximum amount of new borrowing through government securities.

(5) The Minister of Finance shall prescribe the manner and the procedure for issuance and payment of government securities.

(6) The Minister of Finance shall make selection of settlement institution and determine the primary issue of government securities traded on an international financial market.

(7) The Minister of Finance shall conclude agreements with authorized participants on the government securities market.

Article 19

(1) The Securities Depository shall keep Registry on holders of government securities.

(2) The Securities Depository shall be selected by the Minister of Finance.

(3) The registered holder of government securities shall enjoy all the rights arising from the ownership of government securities.

(4) All government securities shall be issued in dematerialized form.

Article 20

(1) The Ministry of Finance shall have the right to redeem the government securities at any time prior to their maturity date, depending on the type and the features of government securities.

(2) The Minister of Finance shall decide on the early redemption referred to in paragraph 1 of this Article.

(3) The Ministry of Finance shall publish invitation for participation in the early redemption referred to in paragraph 1 of this Article.

(4) Notwithstanding paragraph 3 of this Article, the Ministry of Finance does not submit to the holders of government securities invitation for participation in early redemption, should the very issuance document envisage the right of the Ministry of Finance to make early redemption at any time, under the conditions set in the document.

(5) The Ministry of Finance shall publish the early redemption referred to in paragraph 4 of this Article.

Issuance, Servicing, Collection Right and Termination of Sovereign Guarantees

Article 21

(1) The projects, for the financing of which sovereign guarantee is required should fulfill the following criteria:

- harmonisation of the strategic documents of the Government of the Republic of Macedonia;
- justification of the intention for which the funds are used to perform public function; and
- to have co-financing resources to the end of smooth project implementation, and

(2) Projects the financing of which requires issuance of sovereign guarantee will be given priority should they meet the solvency criterion of the issuer of public debt which proposes the project.

Article 22

(1) Issuers of public debt shall raise initiative before the Ministry of Finance for launching a procedure for receiving a loan secured by sovereign guarantee.

(2) The Minister of Finance or persons authorized by him/her shall mandatorily participate in the negotiations for obtaining a loan secured by sovereign guarantee.

(3) On behalf of the Republic of Macedonia, the Minister of Finance shall sign the agreement for issuance of sovereign guarantee of the letter of guarantee to the foreign lenders, as well as agreement for provision of sovereign guarantee with the entity on behalf of which it was issued, upon prior adopted law on issuance of sovereign guarantee.

(4) On behalf of the Republic of Macedonia, the Minister of Finance shall sign the agreement for issuance of sovereign guarantee or the letter of guarantee to the domestic lenders, as well as agreement for provision of sovereign guarantee with the entity on behalf of which it was issued, upon prior adopted decision by the Government of the Republic of Macedonia.

(5) Before obtaining the sovereign guarantee, issuers of public debt shall be obliged to pay the Ministry of Finance one-off fee in the amount of 0,5% of the amount of the sovereign guarantee.

(6) The fee referred to in paragraph 6 of this Article shall be a revenue of the Budget of the Republic of Macedonia.

(7) If the issuer of public debt has outstanding liabilities towards the state on the basis of sovereign guarantee or a loan envisaged under this Law, it cannot obtain new sovereign guarantee i.e. loan until it services the due liability.

Article 23

(1) The issuer of public debt, on behalf of which the sovereign guarantee was issued shall service the debt guaranteed by the Republic of Macedonia.

(2) Should the issuer of public debt, on behalf of which the sovereign guarantee was issued, fail to service the debt as referred to in paragraph 1 of this Article on the date it falls due, the Ministry of Finance, on behalf of the Republic of Macedonia, shall pay the liability upon the called-up sovereign guarantee.

(3) The issuer of public debt, on behalf of which the sovereign guarantee was issued, shall be obliged, within the period specified in the agreements referred to in Article 22 paragraphs 4 and 5 of this Law, to pay the resources paid by the Ministry of Finance upon the called-up sovereign guarantee, to the account of the Budget of the Republic of Macedonia.

(4) The obligation referred to in paragraph 3 of this Article is unconditional and irrevocable.

(5) In case the Ministry of Finance, on behalf of the Republic of Macedonia, pays the liability upon called-up sovereign guarantee, the Ministry of Finance shall be entitled to collect the claim including principal, interest, default interest and other costs incurred due to the inability of the issuer of public debt on behalf of which the sovereign guarantee was issued to service the debt referred to in paragraph 1 of this Article on the date it falls due.

(6) If the issuer of public debt, in the name of which the sovereign guarantee was issued, is a municipality, a municipality within the City of Skopje or the City of Skopje, a public enterprise or a company being fully or predominantly owned by the state, the municipality, municipality within the City of Skopje or the City of Skopje, the Ministry of Finance shall be entitled to the following so as to collect the claim referred to in paragraph 5 of this Article:

- to shift resources from the budget account of the municipality, the municipality within the City of Skopje and the City of Skopje to the account of the Budget of the Republic of Macedonia, up to the amount necessary to collect the claim, and/or
- to keep part of the grants to be distributed to the municipality, the municipality within the City of Skopje and the City of Skopje, up to the amount necessary to collect the claim.

(7) The Minister of Finance shall have the right to undertake additional measures regarding the amount referred to in paragraph 5 of this Article envisaged in the securing agreement referred to in Article 22 paragraphs 4 and 5 of this law, as well as according to the law.

Article 24

(1) Issued sovereign guarantee shall cease to be valid in the following cases:

- the liabilities upon the debt guaranteed by the Republic of Macedonia have been fully settled by the date it falls due at the latest, or
- the period of validity of the issued sovereign guarantee, set in the agreement on issuance of sovereign guarantee has expired.

(2) The Ministry of Finance shall register and record the ceased validity of the issued sovereign guarantee.

Ban on borrowing

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(1) Public enterprises and companies being fully or predominantly owned by the state and public institutions established by the Republic of Macedonia shall not begin a borrowing procedure as from the day of the adoption of the Decision for Parliament elections until the completion of the election of MPs in the Parliament of the Republic of Macedonia.

(2) Municipalities, municipalities within the City of Skopje and the City of Skopje and the public enterprises established by municipalities, municipalities within the City of Skopje and the City of Skopje, cannot begin a borrowing procedure as from the day of adoption of the Decision for local elections until the election of a Mayor or members of the council.

IV. DEBT OF PUBLIC ENTERPRISES AND COMPANIES BEING FULLY OR PREDOMINANTLY OWNED BY THE STATE, THE MUNICIPALITIES, THE MUNICIPALITIES WITHIN THE CITY OF SKOPJE AND THE CITY OF SKOPJE

Article 25

(1) The public enterprise, i.e. company being fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje can raise initiative to begin negotiations for conclusion of loan agreement, in case of long-term borrowing, only upon prior consent by the Ministry of Finance.

(2) Initiative referred to in paragraph (1) of this Article shall contain:

- decision on borrowing, which shall mandatory include the amount and purpose of such borrowing
- request for borrowing, containing project data and data on financial capacity of the public enterprise, i.e. company, fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje.

(3) Form and contents of the request for borrowing referred to in paragraph (2), indent 2 of this Article shall be stipulated by the Minister of Finance.

(4) Representatives from the Ministry of Finance shall mandatorily participate in the negotiations referred to in paragraph 1 of this Article, as well as other authorized representatives from the Government of the Republic of Macedonia.

(5) The public enterprise, i.e. company being fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje can conclude loan agreement upon adoption of special law for each new foreign borrowing.

(6) The public enterprise, i.e. company being fully or predominantly owned by the state, the municipalities, the municipalities within the City of Skopje and the City of Skopje can conclude loan agreement upon prior adopted decision by the Government of the Republic of Macedonia, for each new domestic borrowing.

(7) In case the loan agreement envisages on-lending and the public enterprise, i.e. the company being fully or predominantly owned by the state is the final loan beneficiary, the Minister of Finance shall conclude loan agreement upon adoption of special law for each new foreign borrowing.

(8) In case the Ministry of Finance, on behalf of the public enterprise, services the liabilities referred to in paragraph 6 of this Article, the Ministry of Finance shall be entitled to collect the claims including principal, interest, default interest and other costs incurred due to the inability of the public debt issuer which is final beneficiary of the loan proceeds to service the liability on the due date.

(9) The Ministry of Finance shall be entitled to the following so as to collect the claim referred to in paragraph 7 of this Article:

- to shift resources from the budget account of the municipality, the municipality within the City of Skopje and the City of Skopje, whichever is founder of the public enterprise, to the account of the Budget of the Republic of Macedonia, up to the amount necessary to collect the claim, and/or

- to keep part of the grants to be distributed to the municipality, the municipality within the City of Skopje and the City of Skopje, up to the amount necessary to collect the claim.

V. INFORMATION ON PUBLIC DEBT

Article 26

(1) All issuers of public debt, except the municipalities, municipalities within the City of Skopje and the City of Skopje, shall be obliged to submit to the Ministry of Finance, by the 15th day of the month at the latest, monthly information on changes of the stock in any new borrowing from the previous month.

(2) The municipalities, municipalities within the City of Skopje and the City of Skopje, shall be obliged to submit to the Ministry of Finance, 15 days after the quarter expires at the latest, quarterly information on changes of the conditions in any new borrowing from the previous quarter, as well as on changes in the stock of issued guarantees.

(3) Information by the municipalities, the municipalities within the City of Skopje and the City of Skopje referred to in paragraph 2 of this Article should mandatorily contain data on the debt of public enterprises established by the municipalities, i.e. by the City of Skopje.

(4) The Minister of Finance shall prescribe in more detail the type and contents of the information referred to in paragraphs 1 and 2 of this Article.

(5) The Minister of Finance can request additional information on any borrowing, upon which the issuers of public debt must reply within seven days of the day they received the request, at the latest.

VI. TRANSPARENCY OF PUBLIC DEBT

Article 27

(1) The public debt registry and the registry of issued sovereign guarantees shall be available to the public.

(2) The annual report on public debt management shall be considered by the Government of the Republic of Macedonia and submitted to the Parliament of the Republic of Macedonia.

(3) The report referred to in paragraph 2 of this Article shall have the following elements: realization of strategic objectives for public debt management and guarantees; detailed information on the condition of the overall public debt, gross and net changes; sovereign guarantees issued; information on the sovereign guarantees being called-up or sovereign guarantees having probability to be called-up.

(4) The Ministry of Finance shall publish the information on the public debt and the report referred in paragraph 2 of this Article in the Bulletin of the Ministry of Finance and on its website.

VII. SANCTIONS FOR OFFENCE

Article 28

(1) Public enterprise or company – issuer of public debt shall be fined for misdemeanor with EUR 2,500 to EUR 5,000 in Denar equivalent should it:

- fail to submit information to the Ministry of Finance pursuant to Article 6a, paragraph (2) and Article 26 of this Law;
- fail to pay the funds to the account of the Budget of the Republic of Macedonia pursuant to Article 23, paragraph (3), of this Law.

(2) A fine in the amount of EUR 1,000 to EUR 2,000 in Denar equivalent shall be imposed to the responsible person of the public debt issuer for misdemeanor referred to paragraph (1) of this Article.

Article 28-a

(1) A fine in the amount of EUR 50,000 to EUR 100,000 in Denar equivalent shall be imposed to a public enterprise or company – issuer of public debt for misdemeanor, should it:

- commence negotiations on borrowing without consent of the Ministry of Finance (Article 25);
- commence procedure for borrowing contrary to Article 24-A of this Law.

(2) A fine in the amount of EUR 20,000 to EUR 40,000 in Denar equivalent shall be imposed to the responsible person of the issuer of public holder for misdemeanor referred to in paragraph (1) of this Article.

(3) Responsible person may, in addition to the fine for misdemeanor referred to in paragraph (1) of this Article, be pronounced prohibition to pursue profession, activity or duty for a period from one up to five years.

Article 29

(1) A fine in the amount from EUR 5,000 to EUR 10,000 in Denar equivalent shall be imposed for an offence to the responsible, i.e. managing person of the public debt issuer for an offence should he/she:

- fail to submit information to the Ministry of Finance in accordance with Article 6a paragraph (2) and Article 26);

- initiate negotiations for borrowing without prior consent by the Ministry of Finance (Article 16, paragraph (2) and Article 25, paragraph (1));
- fail to pay the resources to the account of the Budget of the Republic of Macedonia (Article 23, paragraph (3));
- launch borrowing procedure after the day of adoption of the Decision on elections (Article 24a).

Article 29a

(1) As regards misdemeanors prescribed by this Law, prior to submitting a request for misdemeanor procedure, procedure for settlement shall be initiated pursuant to Law on Misdemeanors.

(2) For the offences under this Law, the offence procedure shall be conducted and sanction for the offence shall be imposed by the competent court.

VIII. FINAL AND TRANSITIONAL PROVISIONS

Article 30

(1) The Minister of Finance shall adopt the bylaws envisaged by this Law within six months from the date this Law enters into force.

(2) Provisions referred to in Article 11 paragraph 2 indents 1 и 2 of this Law shall start applying one year after the day this Law enters into force.

Article 31

Borrowing by concluding loan agreement, borrowing by issuance of government securities and the issuance, servicing, collection right and termination of sovereign guarantees that began before this Law has entered into force shall proceed in accordance to the provisions of this Law.

Article 32

This Law shall enter into force on the eighth day from the day it is published in the Official Gazette of the Republic of Macedonia.