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**Rulebook on the Manner and Procedure for Issuance
and Payment of Government Securities**
(Unofficial clear version)

Pursuant to Article 18 paragraph 5 of the Law on Public Debt ("Official Gazette of the Republic of Macedonia", no. 62/2005 and 88/2008), Minister of Finance adopted

Rulebook on the Manner and Procedure for Issuance and Payment of Government Securities

I General Provisions

Article 1

This Rulebook shall regulate the manner and the procedure for issuance and payment of government securities of the Republic of Macedonia (hereinafter: government securities).

Article 2

The terms used in this Rulebook shall have the following meaning:

Government security:	shall be a short- or long-term security, issued by the Republic of Macedonia, to the end of raising funds
Treasury bill:	shall be debenture with a maturity period shorter than one calendar year from the day of issuance, issued by the Republic of Macedonia, to the end of raising funds
Government bond:	shall be debenture with a maturity period of one calendar year and longer than one calendar year from the day of issuance, issued by the Republic of Macedonia, to the end of raising funds
Issuer:	shall be the Republic of Macedonia, represented by the Ministry of Finance.
Agent:	shall be the National Bank of the Republic of Macedonia.
Authorized direct participant:	shall be a bank in the Republic of Macedonia that can purchase and sell government securities for its own account or for the account of the indirect participants and that has concluded contract for participation at the primary government securities market.
Indirect participant:	shall be legal entity or physical person purchasing government securities via an authorized direct participant.
Registry:	shall be the Central Securities Depository.
Electronic system:	shall be an electronic system for market operations of National Bank of the Republic of Macedonia i.e.

Calendar:	application of WEB National Bank, through which auctions for government securities are carried out. shall be pre-announced schedule of planned government securities auctions.
Auction:	shall be a technique of issuance of government securities, whereby the authorized direct participants sent offers for purchasing government securities to the agent and their acceptance by the issuer.
Price:	shall be the purchase, i.e. sale price of the government securities, usually expressed for 100 monetary units security
Non-competitive offer:	shall be an offer for purchasing government securities, whereby only the amount is auctioned, while the price is equal to the weighted (average) price (interest rate) reached at the auction.
"Rule for limited participation":	shall be limitation of the auctioned amount for each individual participant in the auction (authorized direct participant or indirect participant) that cannot exceed certain percentage of the offered amount in the Prospectus for auction of treasury bills and/or the Prospectus for auction of government bonds.
ISIN (International Securities Identification Number):	shall be an international identification code awarded to the securities issued on the financial markets.
Business day:	shall be a day on which the banks in the Republic of Macedonia are open and can execute payments during working hours, excluding Saturdays, Sundays and national holidays.

Article 3

Government securities shall be issued denominated in national currency with or without foreign exchange clause, and shall be kept as e-bills in the Registry.

Article 4

Treasury bills shall be issued and paid under nominal value, and sold on the primary market under discounted value.

Government securities shall be issued and paid under nominal value, shall be sold on the primary market at price achieved on the auction, and shall bear semi-annual or annual coupon interest until they mature.

II Participants in the primary market

1. Issuer of government securities

Article 5

Issuer shall decide about the amount of each issue of government securities, sold through an auction.

The issuer, prior to each issue, shall decide whether the issue of government securities denominated in national currency shall be with or without foreign exchange clause.

Besides the operations referred to in paragraphs 1 and 2 of this Article, the issuer shall perform the following operations as well:

- Preparing and publishing the calendar;
- Maintaining functional access to the electronic system;
- Defining and announcing Prospectus for each issue;
- Determining the coupon interest, if the government bonds are sold at pre-determined coupon;
- Authorizing and announcing the results from the held auction;
- Checking the payment of the purchased government securities;
- Submitting authorization to the agent for registering the ownership of the government securities, acquired on the primary market;
- Paying the due government securities;
- Paying the government bonds coupons and
- Monitoring the trade in government securities on the secondary market.

The issuer shall inform the public, on its website and the website of the agent and/or on other media, about the calendar at the beginning of the period to which it refers.

The issuer shall inform the public, on its website and the website of the agent and/or on other media, about each issue of government securities, as well as about the results thereof.

Market intermediaries and the institutionalized markets shall notify the issuer and the agent daily on the concluded transactions with government securities on the institutionalized markets and out of the institutionalized markets, using appropriate forms.

2. Government securities issuance agent

Article 6

The issuer and the agent shall mutually regulate the relations regarding the issuance of government securities.

Article 7

Regarding the issuance of government securities, the agent shall:

- Establish and maintain electronic system for conducting auctions;
- Organize government securities auctions;
- Collect data on the ownership of government securities from the authorized direct participants;
- Submit data on the issue (coupon interest rate and dates of payment of the coupon) and on the ownership of government securities to the Registry and
- Monitor the trading in government securities on the secondary market and the market behaviour of the direct participants.

3. Authorized direct participants

Article 8

The authorized direct participants and the issuer and the agent shall mutually regulate the relations regarding the issuance of government securities.

Article 9

Authorized direct participants shall directly participate in the auction of government securities.

Article 10

Authorized direct participants shall establish communication link with the electronic system.

Article 11

Authorized direct participants shall perform the activities related to the following:

- Maintaining functional access to the electronic system;
- Informing the indirect participants about the conditions of the issue;
- Collecting requests from the indirect participants;

- Submitting offers to the agent or to the issuer, should it be defined in the prospectus in advance. In this case, the offers shall be submitted in writing;
- Informing the indirect participants about the results from the auction of government securities;
- Submitting data on the indirect participants having selected offers after the completion of the auction to the agent, as well as submitting any other data to the agent, being mutually agreed;
- Paying the amount of the purchased government securities on the account of the issuer and
- Submitting an authorization for debiting an account to the agent.

4. Indirect participants

Article 12

Indirect participant shall be resident and/or non-resident.

Indirect participants and the authorized direct participants shall mutually, with an agreement, regulate the relations regarding the government securities.

III Issuance of government securities

Article 13

Issuance of government securities shall encompass the initial sale of the government securities by the issuer and their registration.

The initial sale shall be carried out via holding auctions, and the collected funds shall be put at the disposal of the issuer.

Exception to paragraph 2 of this Article shall be the government securities issued for other purposes, related to the monetary policy, additionally determined and regulated by the issuer.

The initial sale shall be deemed final with the registration of the government securities in the Registry, on the accounts of the holders.

1. Organizing government securities auction

Article 14

The auctions shall be organized via the electronic system for conducting auctions, accessible only to the agent, the issuer and the authorized direct participants.

The issuer and the authorized direct participants shall receive "Technical instruction on the manner of connecting to the electronic system of the National Bank" regarding the manner of connection with the primary and the reserve location.

Access of the issuer and the authorized direct participants shall be controlled, whereby the control shall be complex and comprising the following:

- Connection of the issuer and the authorized direct participants at the auctions shall be done via modem Dial-up connection, whereby the issuer and the authorized direct participants shall previously submit a list with telephone numbers from which the Dial-up shall be made.
- Any attempt to access via other non-registered telephone number shall be rejected and recorded;
- The authentication at the National Bank shall be made by having the issuer and each authorized direct participant enter user name and password;
- Any unsuccessful attempt to enter user name and password shall be recorded, and
- The connection to the electronic system shall be made by having the issuer and each authorized direct participant enter user name and password.

The method of using the electronic system shall be described in details in the "Technical instructions for the agent for operations with government securities via electronic system of the National Bank", "Technical instruction for the issuer for operations with government securities via electronic system of the National Bank", and "Technical instructions for the authorized direct participant for operations with government securities via electronic system of the National Bank".

1.1 Prospectus for auction of government securities

Article 15

Auctions of government securities shall be carried out in accordance with the dates determined in the announced calendar.

Article 16

Issuer of government securities, when carrying out the auctions, can use the following:

- interest rate tender [multiple price tender (American type) and single price tender (Dutch type)],
- and volume tender.

Article 17

The issuer shall define two types of prospectuses: prospectus for auction of treasury bills and prospectus for auction of government bonds.

The issuer shall, by 2 pm of the business day, 4 business days prior to the auction day, define the Prospectus for auction of treasury bills and/or the Prospectus for auction of government bonds and submit it to the agent via the electronic system.

The agent shall, at 2:30 pm the same day, forward the prospectuses referred to in paragraph 2 of this Article to all authorized direct participants via the electronic system.

Article 18

The Prospectus for auction of treasury bills shall state the following terms and conditions for participation in the auction:

- date of auction;
- time of auction and time of receipt of offers for participation in the auction;
- type of tender for carrying out the auction;
- auction marking in one of the following formats DZYYYY/N-D or DZYYYY/N-Ddk, whereby:
 - the abbreviation DZ stands for bills issued by the government;
 - the numbers YYYY stand for the year in which the bills are sold,
 - N stands for the reference number of the auction carried out in the current year;
 - D stands for the number of days the treasury bills mature;
 - the abbreviation dk in the format DZYYYY/N-Ddk stands for bills issued by the government, denominated in national currency with foreign exchange clause;
- ISIN - designation of the treasury bill;
- nominal amount of treasury bills, offered for sale on the auction;
- foreign exchange clause;
- deadline for payment of treasury bills, in business days;
- date of payment of treasury bills;
- account of the issuer for payment of treasury bills;
- number of days of treasury bills maturity;
- date of maturity of treasury bills;
- speculative percentage point or minimum price, i.e. maximum interest rate and

- percentage of the nominal amount of the treasury bills to be distributed to non-competitive offers, in case the issuer decides to approve sale of treasury bills under non-competitive terms and conditions.

The Prospectus for auction of government bonds shall state the following terms and conditions for participation in the auction:

- date of auction;
- time of auction and time of receipt of offers for participation in the auction;
- type of tender for carrying out the auction;
- auction marking in one of the following formats DOYYYY/N-MMGG or DOYYYY/N-MMGGdk, whereby:
 - the abbreviation DO stands for bonds issued by the government;
 - the numbers YYYY stand for the year in which the bonds are sold;
 - N stands for the reference number of the auction carried out in the current year;
 - MMGG stands for the month and the year the government bonds mature;
 - the abbreviation dk in the format DOYYYY/N-MMGGdk stands for bonds issued by the government, denominated in national currency with foreign exchange clause;
- ISIN - designation of the government bond;
- nominal amount of government bonds, offered for sale on the auction;
- foreign exchange clause;
- coupon interest rate;
- number of coupons per year;
- dates of maturity and payment of the coupon;
- deadline for payment of government bonds, in business days;
- date of payment of government bonds;
- account of the issuer for payment of government bonds;
- number of years of government bonds maturity;
- dates of maturity and payment of the government bonds;
- speculative percentage point or minimum price, i.e. maximum interest rate and
- percentage of the nominal amount of the government bonds to be distributed to non-competitive offers, in case the issuer decides to approve sale of government bonds under non-competitive terms and conditions.

Article 19

Authorized direct participants shall inform the indirect participants on the coming issue of government securities via direct contact, by telephone, in writing, on the web site.

1.2 Offers for auction of government securities

Article 20

Authorized direct participants shall report their participation in the auctions with offers for purchasing government securities.

Authorized direct participants can submit offers at the auction on their behalf and for their account or on their behalf and for the account of the indirect participant.

Article 21

Authorized direct participants shall collect requests from the indirect participants.

Requests from the indirect participants shall be collected via prescribed form.

Authorized direct participants shall keep electronic records for the received requests via prescribed forms.

Authorized direct participants, upon written request by the issuer or the agent, shall submit the records referred to in paragraph 3 of this Article.

Article 22

Offers for participation in the auctions shall be submitted to the agent at the time of the receipt of the offers for participation in the auction, determined in the Prospectus for auction of treasury bills and/or Prospectus for auction of government securities.

When individual authorized direct participant cannot submit the offer/offers to the agent via the electronic system due to technical reasons within the defined deadline in the Prospectus for auction of treasury bills and/or the Prospectus for auction of government bonds, it shall be necessary for the offer/offers to be submitted by fax to the issuer within 15 minutes after the expiry of the deadline for receipt of offers for participation in the auction, upon prior telephone announcement in the Public Debt Management Department within the Ministry of Finance.

The document with the offer/offers submitted by fax shall contain the following information:

1. Letterhead of the authorized direct participant;
2. Information whether the offer is submitted on own behalf and for own account or for the account of the indirect participant;
3. Marking of the government securities auction;

4. ISIN designation of the security;
5. Amount of the offer;
6. Price (interest rate) auctioned and
7. Signature of the authorized person and seal of the institution.

Article 23

Each authorized direct participant can submit to the agent unlimited number of offers for purchasing government securities.

Separate offer shall be submitted to the agent for each indirect participant. Should an indirect participant indicate several different prices in the request, separate offer shall be submitted for each price.

Article 24

Authorized direct participant, if purchasing treasury bills, shall enter the following elements from the offer in the electronic system, upon prior designation of the account for whom he/she purchases:

- amount in Denars and
- price with four decimals for 100 monetary units nominal value.

Price formula:
$$P = 100 * \frac{1}{1 + \frac{R * n}{36,000}}$$

P=price

R= annual interest rate (in %)

n= maturity (number of days)

When calculating the price of the treasury bills, the standard actual/360 shall be used, i.e. the calendar number of the days in the month/360 days in the year.

Authorized direct participant, if purchasing government bonds, shall enter the following elements from the offer in the electronic system, upon prior designation of the account for whom he/she purchases:

- amount in Denars and
- price with 0.005 percentage points, of 100 monetary units nominal value.

Formula for the real price of government bond, which bears semi-annual or annual coupon interest:

$$P = \sum_{k=1}^n \frac{\frac{c}{t}}{\left(1 + \frac{R}{t}\right)^{\left(k - 1 + \frac{a}{e}\right)}} + \frac{N}{\left(1 + \frac{R}{t}\right)^{\left(n - 1 + \frac{a}{e}\right)}} - \left(\frac{c}{t} \times \frac{A}{e}\right)$$

Real price shall mean the gross price reduced by the accrued interest, which occurs due to discrepancy between the beginning of the coupon period and the payment of the government bonds. Gross and real price on the primary market, in case of initial auction, shall be identical.

P=price

N=100 monetary units nominal value

R= annual rate of return (in %)

t=number of coupons per year

A=number of days from the beginning of the coupon period to the day of payment of the government bond, if the beginning of the coupon period and the payment of the bonds are not on the same date

a=number of days from the payment of the government bond to the next coupon

n=number of whole coupons from the payment to the maturity

e=number of days in the coupon period in which the payment is made

c=annual coupon interest (in %)

k=reference number of the coupons

In case of re-opening of the held auction of undue government securities, the following formula shall apply:

$$P = \sum_{k=1}^n \frac{\frac{c}{t}}{\left(1 + \frac{R}{t}\right)^{\left(k-1 + \frac{a}{e}\right)}} + \frac{N}{\left(1 + \frac{R}{t}\right)^{\left(n-1 + \frac{a}{e}\right)}}$$

P=price

N=100 monetary units nominal value R=annual rate of return (in %)

t=number of coupons per year

a=number of days from the settlement to the next coupon

n=number of whole coupons from the settlement to the maturity

e=number of days in the coupon period in which the settlement is made

c=annual coupon interest (in %)

k=reference number of the coupons

Gross price that is calculated when re-opening a held auction of undue government securities shall contain the accrued interest from the beginning of the coupon period, in which the re-opening is made, to the day of payment of the government bonds purchased at the re-opened auction.

The coupon shall be equal for all accounting periods until the government bonds fall due and shall be calculated according to the following formula:

$$C = N \times \frac{c}{t}$$

In case when the period for which the coupon interest is paid differs from the standard period for calculation of the coupon, the following formula shall apply:

$$C = N \times \frac{c}{t} \times \frac{A}{e}$$

C=coupon in absolute amount

N=principal

c=annual coupon interest (in %)

t=number of coupons per year

A=number of days from the beginning of the coupon period to the day of settlement

e=number of days in the coupon period in which the settlement is made

When calculating the price of the government bonds and the coupon, the standard actual/actual shall be used, i.e. the calendar number of the days in the month/calendar number of the days in the year.

Article 25

Authorized direct participant can revoke or change the offer only during the receipt of offers for participation in the auction, determined in the Prospectus for auction of treasury bills and/or Prospectus for auction of government securities.

Submitted offers shall be irrevocable upon the expiry of the prescribed deadline referred to in paragraph 1 of this Article.

Article 26

During the receipt of offers for participation in the auction, determined in the Prospectus for auction of treasury bills and/or Prospectus for auction of government securities, both the agent and the issuer shall have no insight in the data contained in the offers.

The agent and the issuer shall secure secrecy of the terms and conditions offered by the participants in the auctions.

Authorized direct participants shall have no insight in the offers of the other authorized direct participants.

Authorized direct participants shall secure secrecy of the terms and conditions offered by the indirect participants.

1.3 Results from government securities auction

Article 27

Following the expiry of the deadline for receipt of offers, the electronic system shall arrange, by a program, the offers in a descending order, starting with the one with the highest price down to the one with the lowest price, and shall distribute them according to set principles.

Article 28

When there is a multiple prices tender, government securities shall be distributed according to prices-interest rates from the selected offers of the participants.

Should it happen for more participants to offer same price-interest rate, and the total demand to exceed the offer of the issuer, the offers with the lowest accepted price shall be distributed proportionally to the total auctioned amount from all offers for purchasing government securities at the lowest acceptable price in accordance with the proportional distribution principle, stipulated in Article 32 of this Rulebook.

Article 29

When there is a single price tender, government securities shall be distributed according to the lowest prices-highest interest rates from the selected offers of the participants.

Should it happen for more participants to offer same price-interest rate, and the total demand to exceed the offer of the issuer, the offers with the lowest accepted price shall be distributed proportionally to the total auctioned amount from all offers for purchasing government securities at the lowest acceptable price in accordance with the proportional distribution principle, stipulated in Article 32 of this Rulebook.

Article 30

In case of applying volume tender, when the total demand exceeds the offer, the offers shall be distributed proportionally to the auctioned amount for purchasing government securities in accordance with the proportional distribution principle, stipulated in Article 32 of this Rulebook.

Article 31

In case of determined percentage of the nominal amount of the offered government securities to be distributed to the non-competitive offers, if the amount of the non-competitive offers exceeds the determined amount for distribution, non-competitive offers shall be distributed according to the proportional distribution principle, stipulated in Article 32 of this Rulebook.

In case the demand for non-competitive offers is higher than the determined amount for non-competitive offers in the prospectus, and the demand for competitive offers is lower than the determined amount for competitive offers in the prospectus, realization of the noncompetitive offers shall increase, so as for the total realization (competitive and non-competitive) not to exceed the total offered amount.

In case the demand for non-competitive offers is lower than the determined amount for non-competitive offers in the prospectus, and the demand for competitive offers is higher than the determined amount for competitive offers in the prospectus, realization of the competitive offers shall increase, so as for the total realization (competitive and non-competitive) not to exceed the total amount.

Article 32

Formula for calculating the proportional distribution:

$$Ap = A * (V2 / V1)$$

Ap=accepted part of the offer of the authorized direct participant;

A=auktioned amount of the authorized direct participant;

V1=total auktioned amount of all offers and

V2=total amount the issuer will accept from all offers.

Should in the proportional distribution a need arises to increase the realized amount as a result of mathematical roundup of the distributed amounts at Denar 10,000, the issuer can increase the realized amount in relation to the offered one.

In case of volume tender, as a result of mathematical roundup, and to the end of avoiding unwanted increase of the amount of the realization, method of random choice or method of time priority of the submitted offer of the participant can be used.

Article 33

The issuer can reject the offers of the authorized direct participants, considered to be speculative offers.

Speculative offer shall be an offer the price of which is lower than the average price for the speculative percentage point, published in the Prospectus for auktion of treasury bills and/or the Prospectus for auktion of government bonds.

The average price referred to in paragraph 2 shall be calculated as a weighted value of the offers with the lowest price, comprising one half of the value of all offers at the auktion.

Article 33a

Issuer shall reserve the right to issue the same or any other amount of government securities lower or higher than the one determined in the prospectus, but not higher than the maximum amount of new borrowing of government securities specified in the Decision of the Government of the Republic of Macedonia, and it shall notify the Agent thereof.

Issuer shall reserve the right to issue the same or any other amount of government securities lower than the one submitted in each individual offer.

Article 34

During the period after the expiry of the deadline for receipt of offers for participation in the auktion, up to the expiry of the deadline for convening the auktion, receipt of offers for participation in the auktion, determined in the Prospectus for auktion of treasury bills and/or Prospectus for auktion of government securities, the issuer shall gain access to the electronic system and shall carry out an authorization of the results from the government securities auktion, and shall inform the agent thereof.

Article 35

Results from the auction shall include successful/non-successful offers.

Selected offers shall be realized according to the offered terms and conditions in accordance with the result of the auction.

All unaccepted offers at the auction shall bear no consequences for the issuer.

Article 36

Up to the expiry of the deadline for convening the auction, defined in the Prospectus for auction of treasury bills and/or the Prospectus for auction of government bonds, on the day of convening the auction, the agent shall announce the results through the electronic system.

Each authorized direct participant shall have access, via the electronic system, to his/her own results from the auction, containing the following:

- number of the selected offers and prices upon which the selected offers are realized and
- number of unselected offers and their prices.

Article 37

All authorized direct participants shall have access, via the electronic system, to the overall results of the auctions.

Article 38

In case of a multiple price tender, the overall results from the auction shall contain data on the total offer, demand and the realized amount, on the weighted (average) price (interest rate) at the auction, as well as the minimum and maximum price (interest rate) from the selected offers.

Weighted (average) price (interest rate) shall be calculated by the following formula:

$$\text{Weighted price (interest rate) formula} = \frac{\sum_{i=1}^n P_i * A_i}{\sum_{i=1}^n A_i}$$

P=price (interest rate) of the selected offer

A=nominal amount of the selected offer

n=number of offers

Article 39

In case of a single price tender, the overall results from the auction shall contain data on the total offer, demand and the realized amount, on the weighted (average) price (interest rate) at the auction, on the maximum price (minimum interest rate), as well as the minimum price (maximum interest rate), upon which all selected offers are realized.

Article 40

In case of volume tender, overall results from the auction shall contain data on the total offer, demand and the realized amount.

Article 41

Upon receipt of the results via the electronic system, the authorized direct participants shall inform the indirect participants, by the end of the business day, on the individual and the overall results from the auction of government securities in an appropriate manner.

1.4 Re-opening of auction of government securities

Article 42

The issuer may re-open already held auctions of undue government securities, informing the agent thereof. Re-opening of already held auctions shall have the same characteristics with the initial auction.

The issuer and agent shall inform the authorized direct participants and the indirect participant, in an appropriate way, on the time of convening the re-opening.

1.5 Extraordinary auctions of government securities

Article 43

The issuer can carry out extraordinary auctions of government securities, informing the agent thereof. Extraordinary auction shall have the same characteristics with the regular auction, only that the participants are not informed ex-ante in the calendar about the day of the auction.

The issuer and agent shall inform the authorized direct participants and the indirect participant, in an appropriate way, on the time of convening the extraordinary auction.

1.6 Monitoring the auction of government securities

Article 44

The issuer shall monitor the auction of government securities.

Monitoring of the auction shall encompass:

- application of the "rule for limited participation" for certain auctions;
- application of minimum price-maximum interest rate;
- unauthorized access in the database of the electronic system;
- non-market behaviour of the participants in the auction and possible exclusion from the auctions;
- possible technical problems and entry of offers in the electronic system and
- disruption of the auction as a result of reaching prior agreement on the prices by the participants.

"Rule for limited participation" referred to in paragraph 2 of this Article, if applied, it shall be published in the Prospectus for auction of treasury bills and/or the Prospectus for auction of government bonds.

In case of applying the "rule for limited participation", each individual indirect participant can participate in the auction of government securities only via a single authorized direct participant.

Minimum price – maximum interest rate referred to in paragraph 2 of this Article, if applied, it shall be published in the Prospectus for auction of treasury bills and/or the Prospectus for auction of government bonds instead of the speculative percentage point.

Article 45

In case of need for additional time for deciding, the issuer shall inform the agent on the change of the timetable for the auction process.

2. Registering government securities

Article 46

Data on auctioned government securities by the authorized direct participants, on their behalf and for their account, shall be automatically contained in the electronic system and shall not be entered additionally.

Authorized direct participants, by the end of the day of the auction, shall enter the data on the indirect participants with selected offers in the electronic system, for each security with corresponding ISIN designation. These data shall contain:

- Registration number of the legal entity, i.e. personal registration number (passport number for non-residents) of the physical person for the holder of treasury bill;
- Name (for legal entity) and name and surname (for physical person);
- Citizenship;
- Address;

- Head office (for the legal entity) or place of residence (for the physical person);
- Country;
- 15-digit bank account in the Republic of Macedonia;
- Nominal value of the awarded government securities and
- Price (at multiple price tender).

Should the authorized direct participants fail to enter data on the indirect participants with selected offers by the end of the day of the auction, the government securities shall be transferred to the authorized direct participant, who shall pay the amount of the transferred government securities.

Paragraph 3 shall not apply in case of technical problems with the electronic system, when the authorized direct participant can enter data on the indirect participants with selected offers by 9 am at the latest the day following the day of the auction.

Should the holder of government securities decide to change the initially reported bank account at which the nominal value of the treasury bills should be paid, i.e. the nominal value and/or the coupon interest on the government bonds, he/she shall inform the Registry in writing 2 business days at the latest prior to the day of maturity.

Article 47

Authorized direct participants shall, on the business day following the day of auction of treasury bills (T+1), pay the value of the purchased treasury bills on the account of the issuer by 12:00 am at the latest.

Authorized direct participants shall, two business days following the day of auction of government bonds (T+1), pay the value of the purchased government bonds on the account of the issuer by 12:00 am at the latest.

The amount paid for the purchased government securities for own and for the account of third parties shall be paid with 2 payment orders respectively.

Formula for the amount paid: $I = P * A$

I=amount paid

P=price of selected offer

A=nominal amount of the selected offer

Article 48

The issuer and the agent shall check the paid amounts of the auctioned government securities.

Should following the expiry of the deadline referred to in Article 47, paragraphs 1 and 2 of this Rulebook the payment not be executed, the agent, upon order by the issuer, shall debit the payment account of the authorized direct participant for the unpaid amount, pursuant to the Authorization for automatic debit of account given by the authorized direct participant to the agent on Form no. 4 from the Rules of Macedonian Interbanking Payment System.

Should the authorized direct participant pay larger amount of funds than the amount to be paid, the issuer shall return the excess of the paid amount by 01:00 pm at the latest.

Article 49

The issuer shall, by 01:00 pm, authorize, via the electronic system, the agent to submit data on the owners of the paid government securities to the Registry.

Article 50

The agent shall submit the data on the holders of the paid government securities to the Registry electronically by 02:00 pm.

Article 51

Government securities shall be deemed as issued by entering the accounts of the holders in the Registry.

Government securities denominated in national currency, with or without foreign exchange clause, entered on the accounts of the holders shall be kept in Denars.”

The Registry shall inform the holders of government securities with or without foreign exchange clause on the acquisition of ownership one business day (T+1) following the date of registration of the government securities in the Registry.

The notification submitted to the holders of government securities with foreign exchange clause shall include the nominal amount of the government securities expressed in Denars, as well as the middle exchange rate of a foreign currency at the National Bank valid on the day of the auction.

The Registry shall inform the agent on the holders of government securities electronically after each occurred change in the ownership on the secondary market.

The Registry shall not make any changes in the ownership of the holders of government bonds one business day prior to the day of maturity of the coupon and/or the nominal amount of the government securities.

IV Payment of government securities

Article 52

Government securities shall fall due on the day prescribed in the Prospectus for auction of treasury bills and/or the Prospectus for auction of government bonds.

Article 53

The Registry shall inform the agent, electronically or by a magnetic media, on the holders of government securities as follows:

- one business day prior to the day of maturity of the nominal amount of the government securities and
- by 09:00 am at the latest, on data on the coupon payment on the day of maturity of the government securities.

Article 54

The issuer shall, on the maturity date, pay the coupon and/or the nominal value of the due government securities to the holders' banks, registered in the Registry, one business day prior to the maturity date.

Payment of the coupon and/or the nominal value of the due government securities denominated in national currency with foreign exchange clause shall be made on the maturity date in Denar equivalent according to the middle exchange rate of a foreign currency at the National Bank, valid one business day prior to the day of the payment.

Payment of the nominal value of due government securities with foreign exchange clause shall be executed according to the following formula:

$$I = \frac{n * 10.000 * dk_1}{dk}$$

I = amount for the payment of principal,
n = number of government securities,
dk = foreign exchange rate valid on the day of the auction and
dk₁ = foreign exchange rate of foreign currency valid one day prior to the day of the payment.

Payment of the coupon of government bonds with foreign exchange clause shall be executed according to the following formula:

$$C = \left[\frac{N * \frac{c}{t}}{dk} \right] * dk_1$$

With respect to the payment of the coupon of government bonds with foreign exchange clause in case when the period for which the coupon interest is paid differs from the standard period for calculation of the coupon, the following formula shall apply:

$$C = \frac{\left(N * \frac{c}{t} * \frac{A}{e} \right) * dk_1}{dk}$$

N=principal

c=annual coupon interest (in %)

t=number of coupons per year

A=number of days from the beginning of the coupon period to the day of settlement

e=number of days in the coupon period in which the settlement is made,

dk = foreign exchange rate valid on the day of the auction and

dk₁ = foreign exchange rate of foreign currency valid one day prior to the day of the payment.

Payment of the nominal amount of the government securities shall be executed in the banks on the maturity date by 10:00 am, and the banks shall make the funds available to the holders of government securities by 11:00 am the same day.

Payment of the due coupon of the government securities shall be executed in the banks on the maturity date by 01:00 pm, and the banks shall make the funds available to the holders of government securities by 02:00 pm the same day.

Should the obligation to pay not be fulfilled as a result of wrongly entered or non-entered account by the authorized direct participant in the Registry, the issuer shall execute the payment only upon receiving the correct account.

Should the obligation to pay not be fulfilled on time, the issuer shall pay the holder a default interest on the amount of the coupon and/or the nominal amount of the due government securities, for the period from the maturity date to the day of payment.

Provisions referred to in paragraph 5 of this Article shall not apply in conditions of force majeure.

Article 55

Regarding the funds for payment of due coupons and/or the nominal amount of the government securities, in case of initiated bankruptcy procedure, liquidation procedure, as well as limitation of part or all of the banking operations at the bank, through which the payment should be executed, the issuer shall submit them to be paid via another bank.

In the cases referred to in paragraph 1 of this Article, the holders of government securities shall be obliged, two business days at the latest prior to the submission of the coupon and/or the nominal amount of the government securities, to inform the Registry on the account of the other bank on which the issuer shall make the payment.

V Listing of government bonds

Article 56

Issued government bonds shall be listed on the Macedonian Securities Stock Exchange in accordance with the regulation on listing, as well as on other financial markets.

VI Termination of auctions and deferral of the payment of due liabilities on the basis of government securities

Article 57

Termination of auctions and deferral of the payment of due liabilities on the basis of government securities can occur on the basis of the following:

- disruption of electricity supply;
- dysfunctioning of communication equipment and servers and
- force majeure and other extraordinary circumstances.

When any of the risks referred to in paragraph 1 occurs, the auction of government securities shall be cancelled. The issuer shall, through the agent, additionally inform the authorized direct participants on the date and time of the next auction of government securities.

When any of the risks referred to in paragraph 1 of this Article occurs, the payment of Government securities shall be postponed temporarily. The issuer shall additionally inform the authorized direct participants on the date and time of the payment.

VII Transitional and Final Provisions

Article 58

The day this Rulebook enters into force, the Rulebook on the Manner and procedure for Issuance and Payment of Treasury Bills ("Official Gazette of the Republic of Macedonia", no. 01/04) shall cease to apply.

Article 59

This rulebook shall enter into force the next day following the day of its publication " the Official Gazette of the Republic of Macedonia".

**Vice Prime Minister
and Minister of finance
Zoran Stavreski M.A.**

No. _____

Skopje