

**L A W<sup>1</sup>**  
**ON FOREIGN EXCHANGE OPERATIONS**  
**(revised, unofficial text)**

**1. General provisions**

**1.1 Subject**

Article 1

This Law shall regulate:

1. current and capital transactions and their execution in form of payments and transfers among residents and nonresidents, among residents if using foreign means of payment or if the subject of operations are foreign means of payment and unilateral transfers of funds from or to the Republic of Macedonia which do not represent transactions among residents and nonresidents, and
2. foreign exchange supervision and control

**1.2. Definitions**

Article 2

Certain terms used in this Law, shall denote:

**Residents shall include:**

1. trade companies, sole proprietors and other legal entities having main office in the Republic of Macedonia, and their representative offices abroad, excluding their subsidiaries abroad,
2. subsidiaries of foreign companies registered in the Trade Registry of the Republic of Macedonia,
3. foreign bank branches,
4. natural persons, performing business activities independently as their occupation, having permanent residence in the Republic of Macedonia, not treated as traders according to the Law on Trade Companies,

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<sup>1</sup> The fair copy of this Law includes the Law on Foreign Exchange Operations ("Official Gazette of the Republic of Macedonia no. 34/01) and the Law amending the Law on Foreign Exchange Operations ["Official Gazette of the Republic of Macedonia no. 49/01, 103/01, (32/03 - Decision of the Constitutional Court on repelling the amendments to this Law as published in "Official Gazette of the Republic of Macedonia no. 54/02), 51/03, 81/08, 24/11, 135/11 and 188/13], indicating the time when they enter into force.

The provisions of Articles 3, 4, 5, 6, 7, 8 and 9 of the Law on amending the Law on the Foreign Exchange Operations ("Official Gazette of the Republic of Macedonia no. 24/11) shall become effective from April 1, 2011.

5. natural persons with permanent residence in the Republic of Macedonia and persons who temporarily reside abroad, holding a valid residence or work document, during their residence abroad,
6. natural persons temporarily residing in the Republic of Macedonia, holding a residential or working visa valid for no less than six months,
7. diplomatic, consular and other representative offices of the Republic of Macedonia abroad financed from the Budget of the Republic of Macedonia, as well as citizens employed in these representative offices and their immediate family members.

Nonresidents are all other persons not defined as residents.

Authorized bank shall denote a bank, a foreign bank branch and its subsidiary that meets the conditions for performing international operations pursuant to the Banking Law.

Authorized participants in the securities market are brokerage houses and banks granted with an operating license pursuant to the Law on Securities.

Foreign means of payment shall denote foreign exchange, cash foreign currency, checks, letters of credit and other payment instruments denominated in foreign currency and convertible into foreign currency.

Foreign exchange shall denote monetary claims in foreign currency.

Cash foreign currency shall denote monetary claim on the central bank that issued the foreign currency.

Checks, letters of credit and other payment instruments denominated in a foreign currency and convertible into a foreign currency shall denote monetary claims on their issuers.

Securities shall denote shares issued by joint stock companies and limited partnerships with shares, shares of investment funds operating in accordance with law, bonds, money market instruments, derivative financial instruments, certificate of foreign securities and other financial instruments which according to the Securities and Exchange Commission are considered securities. These securities shall be freely transferable.

Money market instruments shall denote treasury bills, commercial papers, government bills, certificates of deposit, bankers' acceptances, and other securities up to one-year maturity.

Derivative financial instruments for the purposes of this Law shall denote contracts, the value of which directly or indirectly depends on the value of some underlying securities, foreign currency, exchange traded commodity or the level of the interest rate.

Domestic securities shall denote securities issued by residents.

Foreign securities shall denote securities issued by nonresidents.

Current transactions shall denote transaction among residents and nonresidents, objective of which is not a transfer of capital. The payments and transfers for the current transactions shall include:

1. payments due on the basis of goods and services exchange, as well as the standard short-term banking payment instruments and credit instruments related to the trade of goods and services,
2. interest payments due for credits and net income payments from other investments,
3. repayment of reasonable share of credits or depreciation of direct investments,
4. reasonable remittances for covering family costs of living.

Capital transactions shall denote transactions among residents and nonresidents aimed at transfer of capital such as:

1. direct investments,
2. investments in real estate,
3. securities operations,
4. transactions with unit certificates in investment funds,
5. credit operations,
6. sureties and guarantees,
7. investing in investment gold
8. deposit account operations,
9. transfers emanating from assurance and credit insurance.

Direct investments shall denote investments by an investor intending to establish lasting economic relations and/or to exercise right to run the trade company or any other legal entity in which he had invested. The following shall be deemed as direct investments:

1. incorporating a trade company or extending the basic capital of a trade company in full ownership of the investor, establishing subsidiary, or acquiring full ownership of the existing company,
2. participation in a new or already existing trade company if the investor holds or acquires more than 10% share in the basic capital of the trade company, exceeding 10% of the voting rights,
3. long-term loan with five or more years of maturity, when it is a matter of a loan from the investor intended for the trade company which is in his full ownership, and
4. long-term loan with five or more years of maturity, when it is a matter of a loan intended for establishing lasting economic relations if granted among entities associated in mutual economic venture.

Securities operations, for the purposes of this law, shall denote transactions in securities traded on capital market and money market, including transactions in unit certificates in investment funds not defined as direct investments. The following shall be regarded as securities operations:

1. issuance, registration and sale of domestic securities abroad,
2. issuance, registration and sale of foreign securities in the Republic of Macedonia,

3. investment (registration, payment and purchase) of securities abroad, by residents, and
4. investment (registration, payment and purchase) in securities in the Republic of Macedonia, by nonresidents.

Credit operations shall denote operations of concluding credit or loan agreements.

Sureties and guarantees, according to this Law shall be deemed as credit operations.

Trade credits shall denote credits directly related to international trade and services exchange that involves a resident as one of the contracting parties. Trade credits shall also include contractual trade credits, such as deferred or advance payments and their financing by banks. The trade credits shall include operations of buy-outs of claims such as factoring and forfeiting operations, provided that the initial transaction, from which the claim arises, has the nature of trade credit.

Financial credits shall denote credits not defined as trade credits.

Deposit account operations shall denote transactions arising from agreements on current or deposit account between a nonresident and resident authorized bank, or between a resident and nonresident financial institution.

Transfers emanating from assurance and credit insurance operations shall denote transactions arising on the basis of insurance contract concluded between nonresident (insurer) and resident (beneficiary) and vice versa, between a resident (insurer) and nonresident (beneficiary).

Unilateral transfers of funds shall denote transfer of funds from the Republic of Macedonia to foreign countries or from foreign countries to the Republic of Macedonia, not arising from capital or current operations among residents and nonresidents. The following shall be deemed as unilateral transfers:

1. personal transfers of funds, and
2. physical transfers of funds.

Personal transfers of funds shall denote transfer of funds from the Republic of Macedonia and into the Republic of Macedonia, based on family loans, gifts, dowries, inheritances, legacies, settlement of immigrants' debts to their country of origin, transfers of emigrants' funds abroad, games of chance, and savings of nonresident employees in the Republic of Macedonia.

Physical transfers of funds shall denote transfers of means of payment, monetary gold and securities from the Republic of Macedonia and to the Republic of Macedonia.

27. Monetary gold shall denote gold which is an integral part of the foreign reserves of the Republic of Macedonia and treated as financial assets.

28. Investment gold shall include:

- gold bars or plates with a weight accepted by precious metal markets and fineness equal to or greater than at least 995 thousandths, irrespective of whether provided with securities and
  - gold coins with fineness equal to or greater than 900 thousandths, minted after 1800, which were or have been a legal tender in the country of origin and are usually sold at a price not exceeding more than 80% of the value of gold contained in the coin, on the free market.
- Gold coins sold for numismatic purposes shall not be considered investment gold.

## **2. Transactions and Transfers**

### **2.1. Transactions among residents and nonresidents**

#### Article 3

Transactions among residents and nonresidents shall be free unless otherwise stipulated by this Law.

### **2.2. Transactions among residents**

#### Article 4

Residents may conclude transactions among each other in foreign means of payment, as well as transactions, subject of which is foreign means of payment, solely under the conditions and methods prescribed by this Law.

Residents may keep foreign means of payment on foreign exchange accounts or foreign currency deposits with the banks in the Republic of Macedonia, authorized under the Banking Law.

The National Bank of Macedonia shall define the procedures for opening foreign exchange accounts by residents.

The use of foreign exchange and other international measures of value shall be permitted only as value bases in agreements made among residents in which the currency of transaction must always be the Macedonian Denar.

Collection and payment in cash foreign currency for claims among residents shall be banned.

The provisions of paragraph 1 of this Article shall not apply to salaries and wages paid to employees arising from contracts with residents working abroad and refunds of expenses incurred abroad.

### **2.3. Unilateral transfer of funds (change in the status resident – nonresident)**

#### Article 5

Residents and nonresidents are free to unilaterally execute transfers of funds from and into the Republic of Macedonia, unless otherwise stipulated by this Law.

### **3. Current transactions**

#### Article 6

The current transactions among residents and nonresidents shall be free.

### **4. Capital transactions**

#### **4.1. Direct Investments**

##### **Direct investments of residents abroad**

#### Article 7

The direct investments of residents abroad shall be free.

The residents shall report the investment and all subsequent modifications thereof in the Central Registry of the Republic of Macedonia (hereinafter: Central Registry) within 60 days from the date of conclusion of the capital transaction, which is a legal basis for acquiring a direct investment abroad.

The Central Registry shall record the investments of residents abroad, and all subsequent modifications thereof, considered to be resident's direct investments abroad, in the Registry of direct investments of residents abroad.

The Central Registry shall maintain a Registry of direct investments of residents abroad, and shall issue, to the residents referred to in paragraph 2 of this Article, a confirmation for registration and for each subsequent modification of the direct investment abroad.

The Minister of Economy shall prescribe the method of reporting, registering, as well as the form, content and the method of running the Registry of direct investments of residents abroad.

##### **Direct investments of nonresidents in the Republic of Macedonia**

#### Article 8

Direct investments of nonresidents in the Republic of Macedonia shall be free, unless otherwise stipulated by other law.

Residents, in which nonresidents have investment, which are considered direct investments, shall report the investment and all subsequent modifications thereof in the Central Registry, within 60 days from the date of conclusion of the capital transactions, which is a legal basis for acquiring a direct investment in the Republic of Macedonia.

The Central Registry shall register the investments of nonresidents in the Republic of Macedonia and all subsequent modifications thereof, considered to be nonresident's direct investment in the Republic of Macedonia, in the Registry of direct investments of nonresidents in the Republic of Macedonia.

The Central Registry shall maintain a Registry of direct investments of nonresidents in the Republic of Macedonia and shall issue, to the residents referred to in paragraph 2 of this Article, a confirmation for registration and for each subsequent modification of the direct investment in the Republic of Macedonia.

The Minister of Economy shall prescribe the method of reporting, registering, as well as the form, content and the method of maintaining the Registry of nonresident's direct investments in the Republic of Macedonia.

### **Transfer of profit, repatriation of funds and liquidation of direct investments**

#### Article 9

The transfer of profit, transfer of proceeds from alienation and sale of ownership share in direct investments and the transfer of the remainder of a liquidation estate shall be free, under the condition that the nonresidents have registered the direct investment according to this Law and settled all the legal liabilities arising from taxes and fees in the Republic of Macedonia.

### **Right to indemnity**

#### Article 10

The nonresident, being direct investor shall be entitled to compensation or indemnification to the extend of the invested capital for the occurred damage, or lost from expropriation or due to other measures of the Government, which have similar effect under a condition of real and legal reciprocity.

Provided that another law or valid ratified international treaty stipulate different conditions, the nonresident investor shall be entitled to select the more favorable solution.

## **4.2. Investments in Real Estate**

### **Investments of residents in real estate abroad**

#### Article 11

The residents shall not be allowed to invest in real estate abroad.

Exception of paragraph 1 of this Article shall be the diplomatic, consular and other representative offices of the Republic of Macedonia abroad.

Residents, who invested funds for acquiring real estate abroad, shall report the investment and all the subsequent modifications thereof to the Central Registry within 60 days from the date of occurrence of the legal basis for acquiring the real estate.

The Central Registry shall register the funds invested in real estate and all subsequent modifications thereof in the Registry of the investments in real estate of residents abroad.

The Central Registry shall maintain a Registry of the investments in real estate of residents abroad, and shall issue a certificate for registration and for each subsequent modification. The data from the Registry shall be used for statistical purposes.

The Minister of Finance shall prescribe the method of reporting, registering, as well as the form, content and the method of maintaining the Registry of the investments in real estate of residents abroad.

### **Investments of nonresidents in real estate in the Republic of Macedonia**

#### Article 12

Nonresidents, foreign bank branches and subsidiaries of foreign trade companies in the Republic of Macedonia that acquired real estate in the Republic of Macedonia under terms defined in a special law or ratified international treaties, shall report the investment and all subsequent modifications thereof to the Central Registry within 60 days from the date of occurrence of the legal base for the acquisition of the real estate in the Republic of Macedonia.

The Central Registry shall record the funds invested in real estate and all the subsequent modifications thereof in the Registry of investments in real estate of nonresidents in the Republic of Macedonia.

The Central Registry shall run a Registry of the investments in real estate of nonresidents in the Republic of Macedonia, on the basis of which it shall issue a certificate for the performed registration and for each subsequent modification. The data from the Registry shall be used for statistical purposes.

The Minister of Finance shall prescribe the method of reporting, registering, as well as the form, content and method of running the Registry of investments in real estate of nonresidents in the Republic of Macedonia.

### **4.3. Securities transactions**

#### **Issuance and introduction of domestic securities abroad**

#### Article 13

Residents shall report each issuance or registration of domestic securities abroad in advance to the Securities and Exchange Commission of the Republic of Macedonia (hereinafter: Securities and Exchange Commission).

Residents may issue and register domestic securities and unit certificates abroad from resident investment funds, only upon prior approval granted by the Securities and Exchange Commission.

The Securities and Exchange Commission shall inform the Ministry of Finance on the granted approval stipulated under paragraph 2 of this Article.

The requirement for obtaining an approval from the Securities and Exchange Commission stipulated under paragraph 2 of this Article shall not pertain to cases when the authorized banks trade with financial derivatives abroad.



Securities and Exchange Commission shall prescribe the conditions and the methods under which the approval for performing the operations from paragraph 2 of this Article may be acquired.

Provided that the resident meets the conditions of paragraph 5 of this Article, after previously submitted request, the Securities and Exchange Commission, within 30 days from the day of submission of the request together with the necessary documentation, shall grant an approval for issuance and introduction of securities and unit documents of the resident investment funds abroad, i.e. if fails to meet the conditions, the Securities and Exchange Commission shall adopt on decision on rejecting the request.

Provided that the Securities and Exchange Commission fails to grant an approval, i.e. it fails to adopt a decision on rejecting the request for issuance and introduction of securities and unit documents of the resident investment funds abroad within the deadline of paragraph 6 of this Article, the requester shall have the right to submit the request for issuance of approval to the archive of the president of the Securities and Exchange Commission within three working days after the expiration of that deadline.

The format and the contents of the form of the request referred to in paragraph 6 of this Article and the request referred to in paragraph 7 of this Article shall be prescribed by the Securities and Exchange Commission.

The president of the Securities and Exchange Commission shall be required to grant an approval, or adopt a decision on rejecting the request for issuance and introduction of securities and unit documents of the resident investment funds abroad to the archive of the president within five working days from the day of submission of the request referred to in paragraph 7.

A copy of the request referred to in paragraph 6 of this Article the requester shall enclose to the request of paragraph 7.

Provided that the president of the Commission fails to grant an approval, or adopt decision on rejecting the request within the deadline of paragraph 10 of this Article, the requester may notify the Government Administrative Inspectorate within five working days.

The Government Administrative Inspectorate shall be required to conduct inspection with the Securities and Exchange Commission within ten days from the day of receipt of the notification under paragraph 11 of this Article, in order to determine whether the procedure has been carried out in consistence with the law, and inform the requester on the undertaken measures within three working days from the day of the inspection.

After carrying out the supervision in compliance with the law, the inspector from the Government Administrative Inspectorate under paragraph 12 of this Article shall adopt a decision which obliges the president of the Securities and Exchange Commission to decide upon the submitted request within ten days, i.e. to accept or reject the request and notify the inspector on the undertaken measures and submit them a copy of the regulation underlying the decision on the request within the same deadline.

Provided that the president of the Securities and Exchange Commission fails to decide within the deadline under paragraph 13 of this Article, the inspector shall submit a request for

initiation of misdemeanor procedure for misdemeanor determined in the Law on Administrative Inspection, setting another deadline of five working days, within which the president of the Securities Exchange Commission shall decide on the submitted request, notifying the inspector on the adopted act within the same deadline. A copy of the regulation underlying the decision on the request shall be enclosed to the notification. The inspector shall inform the requester on the undertaken measures within three working days.

Provided that the president of the Securities and Exchange Commission fails to decide either within the new deadline referred to in paragraph 14 of this Article, the inspector shall report to the competent public prosecutor within three working days, within which they shall inform the requester on the undertaken measures.

Provided that the inspector fails to act upon the notification under paragraph 11 of this Article, the requester shall have the right to file a complaint to the archive of the manager of the Government Administrative Directorate within five working days. If there is no archive of the manager, the complaint shall be filed to the archive of the main office of the Government Administrative Inspectorate.

The manager of the Government Administrative Inspectorate shall be required to examine the complaint under paragraph 16 of this Article within three working days from the day of receipt and if determines that the inspector failed to act upon the notification of the requester in accordance with paragraphs 12 and 13 of this Article an/or failed to file a complaint pursuant to paragraphs 14 and 15 of this Article, they shall submit a request for initiating misdemeanor procedure for misdemeanor determined in Law on Administrative Inspection against the inspector, setting another five-working-day deadline within which the inspector shall conduct supervision in the Securities and Exchange Commission to determine whether the procedure is conducted in accordance with the law, informing the requester on the undertaken measures within three working days.

Provided that the inspector fails to act either in the new deadline of paragraph 17 of this Article, the manager of the Government Administrative Inspectorate shall report to the competent public prosecutor against the inspector, informing the requester on the undertaken measures within three working days.

In the case of paragraph 18 of this Article the manager of the Government Administrative Inspectorate shall immediately, and within one working day at the latest, authorize another inspector to conduct the supervision.

In the case of paragraph 19 of this Article the manager of the Government Administrative Inspectorate shall inform the requester on the undertaken measures within three working days.

Provided that the manager of the Government Administrative Inspectorate fails to act pursuant to paragraph 17 of this Article, the requester may report to the competent public prosecutor within eight working days.

Provided that the president of the Securities and Exchange Commission fails to decide within the deadline referred to in paragraph 14 of this Article, the requester may instigate administrative dispute to the competent court.

The procedure to the Administrative Court shall be urgent.

The bylaw under paragraph 8 of this Article shall be adopted within 30 days from the day this law becomes effective.

Once the bylaw referred to in 24 of this Article becomes effective, it shall immediately or within 24 hours at the latest, be posted on the web site of the Commission.

### **Investments of residents in securities abroad**

#### Article 14

Residents may subscribe, pay and trade in securities abroad solely through authorized participant in the securities market (hereinafter referred to as authorized participant) or through authorized participant on foreign stock exchange or organized securities market.

The authorized participant shall regularly submit reports to the National Bank of the Republic of Macedonia on all residents' investments in securities abroad, as well as the modifications in these investments, including their sale.

If the resident subscribes, pays or trades in securities abroad through authorized participant in securities market, or organized securities market, they shall be required to submit the report under paragraph 2 of this Article to the National Bank of the Republic of Macedonia.

The residents, other than authorized banks, may not purchase securities abroad.

The authorized banks may purchase and sell securities abroad on their behalf and for their account.

The right under paragraph 5 of this Article refers to securities issued or guaranteed by Governments of member states of the OECD and by international financial institutions.

The right under paragraph 4 of this Article also refers to other securities with investment rating assessed by at least one international investment-rating agency.

The investment rating criteria shall be prescribed by the National Bank of the Republic of Macedonia.

As an exception to paragraph 4 of this Article, the Deposit Insurance Fund, the insurance companies, the pension funds and the investment funds may purchase securities abroad in accordance with the laws regulating their operations.

### **Issuance and introduction of foreign securities in the Republic of Macedonia**

#### Article 15

The issuance and registration of foreign securities in the Republic of Macedonia shall be permitted only with approval by the Securities and Exchange Commission.

The Securities and Exchange Commission shall prescribe the conditions and the manner of granting an approval for issuance i.e. registration of securities of paragraph 1 of this Article.

No issuance and registration of foreign debt securities with more than three-year maturity in the Republic of Macedonia shall be permitted.

Provided that the requester meets the conditions under paragraph 2 of this Article, upon previously submitted request, the Securities and Exchange Commission shall grant an approval for issuance and introduction of foreign securities in the Republic of Macedonia within 30 days from the date of submission of the request, i.e. if they fail to meet the conditions, the Securities and Exchange Commission shall adopt a decision on rejecting the request.

Provided that the Securities and Exchange Commission fails to grant an approval, i.e. it fails to decide on rejecting the request for issuance and introduction of foreign securities in the Republic of Macedonia within the deadline of paragraph 4 of this Article, the requester shall have the right to submit the request to the archive of the president of the Securities and Exchange Committee within three days after the expiration of that deadline.

The format and the contents of the form of the request of paragraph 4 of this Article and the request of paragraph 5 of this Article shall be prescribed by the Securities and Exchange Commission.

A copy of the request of paragraph 4 of this Article the requester shall enclose to the request referred to in paragraph 5 of this Article.

The president of the Securities and Exchange Commission shall be obliged to grant an approval or adopt decision on rejecting the request for issuance and introduction of foreign securities in the Republic of Macedonia within five working days from the day of submission of the request under paragraph 5 of this Article to the archive of the president. If there is no archive of the manager, the request shall be submitted to the archive of the main office of the Commission.

Provided that the president of the Securities and Exchange Commission fails to grant approval or adopt decision on rejecting the request within the deadline under paragraph 8 of this Article, the requester may notify the Government Administrative Inspectorate within five working days.

The Government Administrative Inspectorate shall be obliged to perform supervision over the Securities and Exchange Commission within 10 days from the day of receipt of the notification under paragraph 9 of this Article in order to determine whether the procedure is conducted in consistence with law and inform the requester on the undertaken measures within three working days after the supervision.

The inspector of the Government Administrative Inspectorate under paragraph 10 of this Article, shall, after the performed supervision in consistence with law, adopt a decision obliging the president of the Securities and Exchange Commission to decide on the submitted request within ten-day period, i.e. to accept or reject the request and notify the inspector on the undertaken measures within the same deadline and submit a copy of the regulation underlying the decision on the request within the same deadline.

Provided that the president of the Securities and Exchange Commission fails to decide within the deadline under paragraph 11 of this Article, the inspector shall submit request for instigating a misdemeanor procedure for misdemeanor determined in the Law on

Administrative Inspection and set another deadline of five working days during which the president of the Securities and Exchange Commission shall decide on the submitted request, notifying the inspector on the adopted act within the same period. A copy of the regulation underlying the decision on the request within the same deadline shall be enclosed to the notification. The inspector shall, within three working days, inform the submitter of the request on the undertaken measures.

Provided that president of the Securities Exchange Commission fails to decide either within the new deadline under paragraph 12 of this Article, the inspector shall report to the competent public prosecutor within three business days, informing the requester on the undertaken measures within that deadline.

Provided that the inspector fails to act upon the notification of paragraph 9 of this Article, the requester shall have the right to file a complaint to the archive of the manager of the Government Administrative Inspectorate within five working days. If the manager has no archive, the complaint shall be submitted to the archive of the main office of the Government Administrative Inspectorate.

The manager of the Government Administrative Inspectorate shall be obliged to examine the complaint under paragraph 14 of this Article within three working days and if determines that the inspector failed to act upon the notification of the requester in accordance with paragraphs 10 and 11 of this Article and/or failed to file a complaint in accordance with paragraphs 12 and 13 of this Article, they shall submit request for instigating a misdemeanor procedure for a misdemeanor determined in the Law on the Administrative Inspection against the inspector and determine another deadline of five working days during which the inspector shall perform supervision in the Securities and Exchange Commission in order to determine whether the procedure has been conducted in consistence with law, informing the requester on the undertaken measures within three working days.

Provided that the inspector fails to act either during the new deadline under paragraph 15 of this Article, the manager of the Government Administrative Inspectorate shall report to the competent public prosecutor against the inspector, notifying the requester on the undertaken measures within three working days.

In the instance referred to in paragraph 16 of this Article, the manager of the Government Administrative Inspectorate shall immediately, or within one working day at the latest, authorize another inspector to conduct the supervision.

In the instance referred to in paragraph 17 of this Article, the manager of the Government Administrative Inspectorate shall inform the requester on the undertaken measures within three working days.

Provided that the manager of the Government Administrative Inspectorate fails to act as prescribed in paragraph 15 of this Article, the requester may report to the competent public prosecutor within eight working days.

Provided that the president of the Securities and Exchange Commission fails to decide as prescribed in paragraph 15 of this Article, the requester may report to the competent public prosecutor within eight working days.

Provided that the president of the Securities and Exchange Commission fails to decide within the deadline under paragraph 12 of this Article, the requester may instigate administrative dispute to the competent court.

The procedure to the Administrative Court shall be urgent.

The bylaw under paragraph 6 of this Article shall be adopted within 30 days from the day this law becomes effective.

Once the bylaw under paragraph 22 of this Article becomes effective, it shall immediately, or within 24 hours, be posted on the web site of the Commission.

## **Investments of nonresidents in securities in the Republic of Macedonia**

### Article 16

Nonresidents may subscribe and trade in securities in the Republic of Macedonia only through an authorized participant.

The authorized participant shall regularly submit reports to the National Bank of the Republic of Macedonia on all investments of nonresidents in securities in the Republic of Macedonia, as well as modifications in such investments, including their sale.

The National Bank of the Republic of Macedonia shall prescribe the method and the conditions for operations of the nonresidents with the securities in the Republic of Macedonia.

## **Direct investments on the basis of investing in securities**

### Article 17

The provisions of Articles 14 and 16 of this Law regulating the conditions and the method for investing in securities shall not be applied in cases of investing of kind of direct investments stipulated under Articles 7 and 8 of this Law.

## **Investment Funds Operations**

### Article 18

Resident investment funds established pursuant to the Law on Investment Funds may issue unit certificates of investment funds i.e. issue and register shares of closed-end investment funds outside the Republic of Macedonia only upon prior approval of the Securities and Exchange Commission.

The Securities and Exchange Commission shall prescribe the terms and the manner of granting an approval referred to in paragraph 1 of this Article by a bylaw.

Shares of a closed-end investment fund shall be issued i.e. registered according to the procedure provided for in Article 13 of this Law.

The Securities and Exchange Commission shall publish the bylaw referred to in paragraph 2 of this Article in the Official Gazette of the Republic of Macedonia.

#### Article 19

Unit certificates of investment funds, i.e. shares of nonresident investment funds may be offered for sale in the Republic of Macedonia only if the investment fund management company has registered a subsidiary of a foreign investment fund management company in the Republic of Macedonia in accordance with the Law on Investment Funds.

Non-resident investment funds must obtain an approval from the Securities and Exchange Commission for sale of unit certificates of investment funds i.e. shares of closed-end investment funds.

The Securities and Exchange Commission shall prescribe the terms and the manner of granting an approval referred to in paragraph 2 of this Article by a bylaw.

Shares of a closed-end investment fund shall be issued i.e. registered according to the procedure provided for in Article 15 of this Law.

The Securities and Exchange Commission shall publish the bylaw referred to in paragraph 3 of this Article in the Official Gazette of the Republic of Macedonia.

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### **4.4. Credit operations**

#### **Credit relations among residents and nonresidents**

##### Article 20

Authorized banks may conclude credit operations with nonresidents for their account and on their behalf or on their own behalf and for the account of a third party.

Residents other than authorized banks may conclude credit operations with nonresidents for their account and on their behalf.

The National Bank of the Republic of Macedonia shall prescribe the method of recording the credit operations with abroad.

#### **Credit relations among residents in foreign currency**

##### Article 21

Authorized banks may grant credits to residents in foreign currency.

The National Bank of the Republic of Macedonia shall prescribe the conditions and the manner under which residents may conclude credit operations in foreign currencies and make payments on the basis of the transactions stipulated under this Article.

## **Credit transactions of the Republic of Macedonia**

### Article 22

The Republic of Macedonia shall conclude credit operations and issue own securities abroad pursuant to the Budget Law and other laws.

#### **4.4-a. Investing in investment gold**

### Article 22-a<sup>2</sup>

Residents shall not invest and trade in investment gold abroad. Nonresidents may invest and trade in investment gold in the Republic of Macedonia in accordance with a special law.

#### **4.5. Deposit account operations**

##### **Resident accounts abroad**

### Article 23

Residents may open and hold accounts abroad, unless otherwise stipulated by this Law.

The National Bank of the Republic of Macedonia shall stipulate the method and the conditions under which the residents other than authorized banks may open and hold accounts abroad.

##### **Nonresident accounts**

### Article 24

Nonresidents may open foreign currency and Denar accounts in the authorized banks.

When opening the account, the authorized bank shall be obliged to identify the nonresident.

The National Bank of the Republic of Macedonia shall prescribe the method and the conditions for opening and keeping accounts under paragraph 1 of this Article.

#### **4.6. Transfers emanating from assurance and credit insurance**

### Article 25

Transfers based on concluded agreements for assurance and credit insurance shall be made solely in accordance with the regulations.

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<sup>2</sup> After the second stage of the Stabilization and Association Agreement between the Republic of Macedonia and the European Union, the provision of Article 22-a paragraph 1 of this Law shall cease to be valid.



## **5. Payments and transfers**

### **5.1. Common Provisions**

#### **International payment operations**

##### Article 26

International payment operations shall be carried out by banks authorized by the National Bank of the Republic of Macedonia to perform international payment operations.

The National Bank of the Republic of Macedonia shall carry out international payment operations for the needs of the Republic of Macedonia.

The National Bank of the Republic of Macedonia shall prescribe the method of carrying out international payment operations.

##### Article 26-a

For executing the payment operations stipulated under Article 26 paragraph 2 of this Law, the users and the individual users of funds of the Budget of the Republic of Macedonia shall open foreign exchange accounts in a manner and under conditions defined by the Government of the Republic of Macedonia.

#### **Cash payments**

##### Article 27

Residents which are trade companies, sole proprietors and affiliates of foreign legal entities in the Republic of Macedonia may carry out payments and collection in cash foreign currencies in transactions with nonresidents, under the method and the conditions prescribed by the National Bank of the Republic of Macedonia.

Residents may receive and execute payments by and from nonresidents in Denars in the Republic of Macedonia pursuant to the regulations governing cash operations in the domestic payment operations.

#### **Payments and transfers based on capital transactions**

##### Article 28

Payments and transfers of funds based on capital transactions shall be free, provided that the transaction is concluded, recorded and registered pursuant to this Law and all liabilities based on tax and fees towards the Republic of Macedonia are settled.

The payments and transfers of funds stipulated under paragraph 1 of this Article shall be deemed transfers of funds for execution of capital transactions, for the purpose of exercising the profit sharing rights of investor or remainder of property, after the bankruptcy or liquidation of the legal entity in which s/he invested is carried out.

The authorized bank may neither process the order for payment abroad nor give the beneficiary access to inflows from abroad, should this be inconsistent with paragraph 1 of this Article.

## **5.2. Unilateral Transfer of Assets**

### **Transfer of Cash and Checks and Monetary Gold**

#### Article 29

The Government of the Republic of Macedonia shall prescribe the terms and the maximum amount of cash foreign currency and checks permitted to be taken in or out of the Republic of Macedonia.

The National Bank of the Republic of Macedonia shall prescribe the terms and the amount of the cash domestic currency and checks and monetary gold permitted to be taken in or out of the Republic of Macedonia.

The National Bank of the Republic of Macedonia shall prescribe the terms under which the authorized banks may take in or out of the Republic of Macedonia cash foreign currency from or on their accounts abroad.

When crossing the state border, residents and nonresidents shall be obliged to declare to the customs authorities the amount of the cash domestic or foreign currency, checks or monetary gold taken in or out of the Republic of Macedonia, which exceeds the limits stipulated in the by-laws under paragraphs 1 and 2 of this Article.

Foreign and domestic currency and checks shall be reported on forms prescribed by the Minister of Finance.

The forms referred to in paragraph 5 of this Article shall particularly contain:

- personal data about the person who takes in or out foreign and domestic currency and checks (name and surname, date and place of birth, passport or ID card number),
- data about the owner of foreign and domestic currency and checks (name and surname of a natural person or name of a legal entity, identification number and address),
- data on foreign currency and domestic currency and checks (type, amount and currency),
- origin and purpose of foreign and domestic currency and checks,
- data about the vehicle and the route of transport of the foreign and domestic currency and checks, and
- signature of the reporting person.

The forms referred to in paragraph 5 of this Article shall be available in the customs offices at border crossings, the website of the Ministry of Finance and the website of the Customs Administration.

## **Transfer of Securities**

### Article 30

Securities may be physically transferred to and from the Republic of Macedonia for the purposes of exercising the rights arising from securities, keeping or giving as collateral.

## **6. Foreign Means of Payment Market and Denar Exchange Rate**

### **Foreign Means of Payment Market**

#### Article 31

Pursuant to this Law, the foreign means of payment market (hereinafter: foreign exchange market) shall denote all sale and purchase transactions of foreign means of payment in the Republic of Macedonia.

The authorized banks shall conclude transactions for purchase and sale of the foreign means of payment on their behalf and for their account, as well as on their behalf and for the account of a third party.

Other entities may conclude transactions for purchase and sale of foreign means of payment on their behalf and for their account only with entities which have already obtained a approval for such operations from the National Bank of the Republic of Macedonia.

Residents other than authorized banks and exchange offices, shall purchase foreign means of payment on the foreign exchange market for payments abroad and shall sell foreign means of payment on the basis of collections from abroad.

Residents that are natural persons may purchase and sell foreign means of payment on the market for other purposes as well.

Residents other than natural persons, in order to carry on their business activity must not purchase or sell foreign means of payment through exchange offices.

The National Bank of the Republic of Macedonia shall prescribe the method and conditions under which the purchase and sale of foreign means of payment are performed in the Republic of Macedonia.

### **Forward Operations**

#### Article 32

Forward operations may also be performed on the foreign exchange market.

Forward transactions shall denote purchase and sale of foreign exchange, when the deadline for settlement of the liabilities is longer than two working days from the day the transaction is concluded.

## **Establishing the Exchange Rate on the Foreign Exchange Market**

### Article 33

Exchange rate shall be freely established on the foreign exchange market.

## **Participation of the National Bank of the Republic of Macedonia on the Foreign Exchange Market**

### Article 34

The National Bank of the Republic of Macedonia participates in the foreign exchange market in order to achieve the goals determined with the monetary and the foreign exchange policies.

### Article 35

The middle exchange rates of the National Bank of the Republic of Macedonia shall be used for accounting presentation of the claims and liabilities in terms of foreign means of payment according to the rules for accounting operations and for the purposes of balance of payments.

In the customs clearance of the imports, the customs value shall be calculated as specified by Article 43 of the Law on Customs.

## **Exchange Offices Operations**

### Article 36

Exchange offices operations shall denote purchasing and selling foreign cash means of payment and checks denominated and payable in foreign currency.

Residents authorized by the National Bank of the Republic of Macedonia shall perform exchange operations.

The National Bank of the Republic of Macedonia shall prescribe the conditions and methods for obtaining a license and performing the exchange offices operations.

### Article 36-a

The National Bank of the Republic of Macedonia shall revoke the license for conducting currency exchange operations of a resident to whom the National Bank granted a license for conducting currency exchange operations, if it determines that it:

- 1) obtained the license based on false data,
- 2) no longer fulfills the requirements for conducting currency exchange operations,
- 3) conducts currency exchange operations contrary to the regulations drawn from this law,

- 4) impedes the inspection conducted by the National Bank of the Republic of Macedonia,
- 5) submits false reports during its operations, and
- 6) fails to conduct currency exchange operations within a period longer than 30 days.

Upon revocation of the license for conducting currency exchange operations, the resident referred to in paragraph 1 of this Article, its founders or members of its management bodies shall not have the right to apply for a license for conducting currency exchange operations within 10 years as from the date of effectiveness of the decision on revocation of the license.

## **7. Special Measures**

### **Special Measures of the National Bank of the Republic of Macedonia**

#### Article 37

In case of threat of significant distortions in the balance of payments and of destabilization of the financial system, the National Bank of the Republic of Macedonia may introduce special protective measures. The National Bank of the Republic of Macedonia shall immediately inform the Government of the Republic of Macedonia about the introduction of such protective measures.

The protective measures referred to in paragraph 1 of this Article must not be applied for a period exceeding six months.

As an exception to paragraph 2 of this Article, the National Bank of the Republic of Macedonia may extend the period of application of the protective measures on the basis of prior consent given by the Government of the Republic of Macedonia.

The National Bank of the Republic of Macedonia or the Government of the Republic of Macedonia may introduce additional protective measures if necessary, in order to implement sanctions of the United Nations Organization or other international organizations of which the Republic of Macedonia is a member.

In case of depletion of the gross foreign exchange reserves by 10% in the period of 10 sequential days, the National Bank of the Republic of Macedonia may determine a period within which the legal entities - residents must use their foreign exchange bought on the foreign exchange market for paying their liabilities abroad.

#### Article 38

The protective measures of the National Bank of the Republic of Macedonia referred to in Article 37 of this Law, introduced in case of a threat of distortion in the balance of payments and of destabilization of the financial system of the Republic of Macedonia, caused by a substantial outflow of capital from the Republic of Macedonia, shall refer to:

- the balance of the accounts of the residents abroad or their foreign-currency accounts in the Republic of Macedonia,
- trading in foreign means of payment, if the resident is a party,

- extending loans and credits by residents to nonresidents, as well as advance payments by residents to nonresidents or deferred payments from nonresidents to residents,
- collection of arrears from nonresidents,
- transfer of securities, cash, valuables and gold in and out of the Republic of Macedonia,
- transactions with securities and gold among residents and nonresidents.

#### Article 39

The special measures of the National Bank of the Republic of Macedonia referred to in Article 37 of this Law, applied in case of a threat of distortion of the balance of payments and of destabilization of the financial system of the Republic of Macedonia, caused by substantial inflow of capital into the Republic of Macedonia, shall refer to:

- balances of the accounts of nonresidents in the Republic of Macedonia,
- trading in foreign means of payment, if the resident is included,
- receiving loans and credits by residents from nonresidents as well as advance payments by nonresidents to residents or deferred payments from residents to nonresidents,
- payment of arrears of residents to nonresidents,
- transfers of securities, cash, valuables and gold in and out of the Republic of Macedonia,
- transactions with securities and gold among residents and nonresidents,
- issuing guarantees and/or similar sureties, rights of pledge and financial back-up facilities on behalf of nonresidents.

### **8. Reporting**

#### **8.1. Manner of reporting**

#### Article 40

According to this Law, the entities (residents and nonresidents) shall be obliged to report directly or indirectly through authorized banks, authorized participants in the securities market, clearing and depositary houses and customs authorities.

The entities from paragraph 1 of this Article shall enable the National Bank of the Republic of Macedonia, i.e. the Ministry of Finance to audit their books of account and other business records whenever such an audit is necessary to verify data.

The National Bank of the Republic of Macedonia, the Minister of Finance and the Minister of Economy shall, within their competence, prescribe the method and procedure of reporting.

#### **8.2. Reporting on Securities Operations**

#### Article 41

The authorized participant shall be obliged to inform the National Bank of the Republic of Macedonia on all residents' transactions with securities abroad and all nonresidents' transactions with securities in the Republic of Macedonia.

Resident issuers of debt securities referred to in Article 13 shall be obliged to report to the National Bank of the Republic of Macedonia on the issuance and the sale of these securities abroad.

### **8.3. Reporting on Credit Transactions**

#### Article 42

Residents must report on all credit transactions with nonresidents.

The National Bank of the Republic of Macedonia shall prescribe the conditions and the method of reporting on the concluded credit operations.

For reporting purposes, according to this Law the following transactions among residents and nonresidents shall be deemed credit operations:

1. transactions the subject of which is purchase or sale of goods, i.e. performance of certain services, if the payment of the goods, i.e. the services for these operations is not performed within one year after the delivery of goods, i.e. rendering of services,
2. transactions the subject of which is purchase or sale of goods, i.e. certain services, if the payment of the goods, i.e. the services for these operations is performed in a period longer than one year before the delivery of goods, i.e. rendering of services,
3. giving and receiving mortgages and other types of pledge,
4. purchase of claims arising from legal relations between residents if the purchaser is nonresident,
5. purchase of claims arising from legal relations between nonresidents if the purchaser is resident.

For reporting purposes, the National Bank of the Republic of Macedonia may deem other operations among residents and nonresidents whose economic aim corresponds with the aim of credit transaction i.e. loan on the basis of loan agreement as credit transactions.

### **9. Supervision**

#### Article 43

The implementation of this Law and the regulations adopted thereof, shall be supervised by the following entities within their competence: the National Bank of the Republic of Macedonia, the Ministry of Finance - State Foreign Exchange Inspectorate, the Ministry of Finance - the Customs Administration, the Ministry of Economy and the Securities and Exchange Commission (hereinafter: supervisory bodies).

#### Article 44

Pursuant to this Law, the supervisory bodies shall mutually cooperate, and at the request of any supervisory body, the other shall forward all necessary information and data needed by that supervisory body in the process of performing the tasks deriving from the supervision.

The supervisory bodies shall be obliged to inform mutually on any irregularities they identified during supervision if relevant for the work of other supervisory bodies.

The method and procedure of mutual informing of the supervisory bodies as referred to in paragraphs 1 and 2 of this Article shall be prescribed by the Minister of Finance.

#### Article 45

The National Bank of the Republic of Macedonia shall directly supervise the operations of authorized banks, savings houses and exchange offices to which it granted an operating license.

The National Bank of the Republic of Macedonia shall indirectly supervise other residents as well, on the basis of the received notifications pursuant to the provisions of Articles 40, 41, and 42 of this Law.

With respect to the determined illegalities and irregularities from the performed supervision on the residents under paragraph 2 of this Article, the National Bank of the Republic of Macedonia shall undertake adequate actions, in accordance with a law.

#### Article 46

The Ministry of Finance - State Foreign Exchange Inspectorate shall conduct inspection of the operations of residents and nonresidents operating on the territory of the Republic of Macedonia.

The procedure for conducting inspection under paragraph 1 of this Article shall be subjected to the provisions of the Inspection Law unless otherwise specified.

#### Article 46-a

The Ministry of Finance - Customs Administration shall conduct inspection of the taking of cash domestic and foreign currencies, checks and monetary gold in and out of the Republic of Macedonia, taken in and out of the Republic of Macedonia by residents and nonresidents or sent by mail.

#### Article 47

Residents and nonresidents shall enable the foreign exchange inspector (hereinafter: the inspector) to perform, without hindrance, the inspection, insight into their operations and upon their request, make available or submit all the necessary documentation and data.

For the needs of the inspection under paragraph 1 of this Article, the banks which maintain the accounts of the residents and the nonresidents shall be obliged to provide an insight into



the entire documentation related to their operations through accounts upon written request of the inspector.

The insight into the operations and the documentation pertaining to paragraphs 1 and 2 of this Article shall also imply an insight into the documentation and the accounts of the residents and nonresidents related to the inspection.

When conducting the inspection, the inspector may keep and take out copies of the documents under paragraphs 1, 2 and 3 of this Article.

#### Article 48

In order to eliminate the identified irregularities, the inspector shall have the right and duty to do the following:

- 1) point the entity to the identified irregularities and to set a deadline for their elimination;
- 2) order the entity to undertake adequate measures and activities within a deadline set by the inspector;
- 3) temporary order a ban on performing activity, profession, or duty of the entity;
- 4) temporary seize objects and devices used for making the felony or misdemeanor;
- 5) submit request for instigating misdemeanor procedure and
- 6) press criminal charges or initiate other adequate procedure.

#### Article 48-a

The inspector shall adopt conclusion and decision in the inspection procedure.

The conclusion shall resolve the issues emerging during the inspection.

Provided that the inspection finds no deficiencies, or the identified deficiencies are eliminated during the inspection, the inspector shall adopt a conclusion for termination of the procedure.

#### Article 48-b

Provided that the inspector identifies violation of law or other regulation during the inspection, they shall state the identified irregularities in the minutes and determine the deadline for eliminating the irregularity in a decision.

The inspector shall adopt the decision referred to in paragraph 1 of this Article without delay, and within five working days from the day of completion of the supervision at the latest.

#### Article 49

Provided that the entity fails to eliminate the irregularities within the deadline prescribed in Article 48-b paragraph 1 of this Article, the inspector shall temporary ban the entity on performing activity until the elimination of the irregularities.

### Article 50<sup>3</sup>

The entity may file an appeal against the conclusion under Article 48-a and the decision under article 48-b of this Law to the State Committee for making decisions in an administrative procedure and in an appellate employment relations procedure.

The appeal shall not postpone the execution of the decision.

### Article 51

Should the inspector determine violation of Law or other regulation during the control, s/he may temporarily seize the objects which the misdemeanor or the felony has been committed with, or which have been intended for committing or have emerged from the misdemeanor or the felony.

The seizure of the objects under paragraph 1 of this Article shall endure until the adoption of effective decision in misdemeanor, i.e. criminal proceeding.

The inspector shall issue a receipt to the entity for the temporary seized objects.

The inspector shall prepare a report and issue a receipt for the temporarily seized objects.

The type and the contents of the receipt shall be prescribed by the Minister of Finance.

The cash domestic and foreign currency, checks, monetary gold and securities, which have been temporarily seized, shall be deposited with the National Bank of the Republic of Macedonia.

The Minister of Finance shall prescribe the manner and the procedure of depositing and returning the temporarily seized objects under paragraph 1 of this Article.

### Article 52 - is deleted

## **10. Penalty provisions**

### Article 53

#### **Illicit use of foreign exchange**

Anyone violating the provisions of this Law with its operating, by using foreign exchange and other international measures of value as currency for execution of agreements among residents, shall be sentenced from three to five year imprisonment.

If the act under this Article is performed by legal entity, it shall be fined.

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<sup>3</sup> The amendment to Article 50, as prescribed by Article 11 of the Law Amending the Law on Foreign Exchange Operations (Official Gazette of the Republic of Macedonia No.188/13) starts to apply from the start of implementation of the Law Amending the Law on Inspection Control (Official Gazette of the Republic of Macedonia No. 147/13).

The court shall state the perpetrator under paragraph 1 of this Article also a ban on performing a profession, activity or duty under the conditions prescribed in Article 38-b of the Criminal Code.

### **Illicit collection or payment in cash foreign currency**

#### Article 54

Anyone performing collection or payment in cash foreign currency on the territory of the Republic of Macedonia on its behalf and for own account, as well as on the behalf of and the account of other legal entity or natural person contrary to the provisions of this Law, shall be sentenced from six month to five year imprisonment.

If the act of this Article is performed by legal entity, it shall be fined.

The court shall state the perpetrator under paragraph 1 of this Article also a ban on performing a profession, activity or duty under the conditions prescribed in Article 38-b of the Criminal Code.

### **Illicit sale or purchase of cash and means of payment and checks**

#### Article 55

Anyone selling or purchasing cash foreign currency and checks denominated and payable in foreign currency without having authorization from the National Bank for other legal entity or natural person, shall be sentenced from three month to three year imprisonment.

If the act under this Article is performed by legal entity, it shall be fined.

The court shall state the perpetrator under paragraph 1 of this Article also a ban on performing a profession, activity or duty under the conditions prescribed in Article 38-b of the Criminal Code.

### **Misdemeanors**

#### Article 56

The legal entity, resident or nonresident shall be fined with Denar equivalent of Euro 4,000 to 6,000 for committing a misdemeanor, if it:

1. fails to register the investments and all subsequent modifications thereof in the Central Registry within the determined period from the conclusion of capital transaction which is a legal basis for acquiring direct investment abroad (Article 7 paragraph 2),
2. fails to register the investments and all subsequent modifications thereof in the Central Registry within the determined period from the conclusion of capital transaction which is a legal basis for acquiring direct investment in the Republic of Macedonia (Article 8 paragraph 2),

3. transfers the income and the funds received by disposal and sale of ownership share in the direct investment as well as transfer of the remainder of the liquidation estate contrary to this Law (Article 9),
4. invest in real estate abroad, contrary to this Law (Article 11 paragraph 1),
5. fails to register the investment in real estate abroad, or the modifications thereof to the Central Registry, within the period determined by this Law (Article 11 paragraph 3),
6. fails to register the investment in real estate in the Republic of Macedonia, or the modifications thereof to the Central Registry, within the period determined by this Law (Article 14 paragraph 2 and 3),
7. fails to report in advance to the Securities and Exchange Commission on the issuance and introduction of domestic securities abroad (Article 16 paragraph 2 ),

A fine up to ten times of the amount referred to in paragraph 1 of this Article shall be imposed for a misdemeanor of a legal entity, resident or nonresident, if, by committing the misdemeanor referred to in paragraph 1 of this Article, it acquired larger property benefit or caused larger property damage.

The responsible persons of the legal entity shall be fined with Denar equivalent of Euro 1,000 to 2,000 for the misdemeanor under paragraph 1 of this Article.

A fine up to five times of the amount referred to in paragraph 3 of this Article shall be imposed for a misdemeanor of a responsible person in the legal entity, resident or nonresident, if it committed the misdemeanor for mercenary reasons.

The natural person, residents or nonresidents, shall be fined with Denar equivalent of Euro 1,000 to 2,000 for the misdemeanor under paragraph 1 of this Article.

A fine up to twice the amount referred to in paragraph 5 of this Article shall be imposed for a misdemeanor of a natural person, resident or nonresident, if they committed the misdemeanor for mercenary reasons.

#### Article 56-a

The legal entity, resident or nonresident, shall be fined with Denar equivalent of Euro 6,000 to 10,000 for committing a misdemeanor, if it:

1. executes payment or collection in foreign currency for implementation of the agreements among residents contrary to this Law (Article 4 paragraphs 1, 4, 5 and 6),
2. holds means of payments or foreign currency deposits with institutions which are not authorized according to the Banking Law (Article 4 paragraph 2).
3. issues and introduces securities and unit certificates in the resident investment funds abroad without prior approval from the Securities and Exchange Commission (Article 13 paragraph 2),

4. the residents, other than authorized banks, purchase securities abroad contrary to the provisions of this Law (Article 14 paragraph 4),
5. the authorized banks purchase and sale securities abroad on behalf of third party and for the account of third party or on its behalf and for the account of third party (Article 14 paragraphs 5, 6 and 7),
6. fails to perform the registration, payment and the trade in securities abroad through an authorized participant or through authorized participant on foreign stock exchange, or organized securities market (Article 14 paragraph 1),
7. issues and introduces foreign securities in the Republic of Macedonia without obtaining approval by the Securities and Exchange Commission (Article 15 paragraph 1),
8. issues and introduces foreign debt securities with more than three-year maturity in the Republic of Macedonia (Article 15 paragraph 3),
9. fails to perform the registration, payment and the trade in securities in the Republic of Macedonia through an authorized participant (Article 16 paragraph 1),
10. fails to apply the provisions of Articles 13 and 14 of this Law for the transactions abroad with the unit certificates of the investment funds that are residents (Article 18),
11. fails to apply the provisions of Articles 15 and 16 of this Law for the transactions with the unit certificates of the investment funds that are nonresidents (Article 19),
12. performs the international credit operations contrary to the method stipulated by this Law (Article 20),
13. extends credits in foreign currency to resident contrary to the provisions of this Law (Article 21 paragraph 1),
14. concludes credit operations in foreign currency contrary to the conditions determined by the National Bank of the Republic of Macedonia (Article 21 paragraph 2),
15. a resident opens and has accounts abroad contrary to the conditions prescribed in this Law (Article 23),
16. open and keep Denar and foreign exchange accounts of nonresidents contrary to the provisions of this Law (Article 24 paragraph 1),
17. fails to identify the nonresident when opening an account (Article 24 paragraph 2),
18. performs transfers based on concluded contracts for assurance and insurance of credits contrary to the regulations (Article 25),
19. performs international payment operations contrary to the method determined by the National Bank of the Republic of Macedonia (Article 26),

20. executes payment and collection of cash foreign currency in transactions with nonresidents contrary to the method and conditions determined by the National Bank of the Republic of Macedonia (Article 27),
21. executes payment and transfer of funds based on capital transactions contrary to the provisions of this Law (Article 28),
22. takes cash domestic and foreign currency, checks and monetary gold in and out, contrary to the conditions determined by the Government of the Republic of Macedonia and the National Bank of the Republic of Macedonia (Article 29),
23. performs transfer of securities abroad contrary to the provisions of this Law (Article 30),
24. executes transactions of purchase and sale of foreign means of payment with entities which are not granted an approval by the National Bank of the Republic of Macedonia (Article 31 paragraph 3),
25. purchases and sells foreign means of payment on the foreign exchange market contrary to the provisions of this Law (Article 31 paragraph 4),
26. purchases and sells foreign means of payment from the exchange offices in order to perform its activities, contrary to the provisions of this Law (Article 31 paragraph 6),
27. uses the middle exchange rates of the exchange list of the National Bank of the Republic of Macedonia contrary to the provisions of this Law (Article 35 paragraph 1),
28. at the customs clearance of the imports, fails to determine the customs value as specified by Article 43 of the law on Customs (Article 35 paragraph 2),
29. performs exchange operations without having authorization from the National Bank of the Republic of Macedonia (Article 36 paragraph 2),
30. performs exchange operations contrary to the method and conditions determined by the National Bank of the Republic of Macedonia (Article 36 paragraph 3),
- 30-a. invest and trade in investment gold contrary to Article 22-a of this Law,
31. fails to provide smooth inspection, insight in the operations and fails to make all the necessary documentation or data available or submit it upon their request (Article 47), and
32. fails to implement the inspector's decision (Articles 48-b).

A fine up to ten times of the amount referred to in paragraph 1 of this Article shall be imposed for a misdemeanor of a legal entity, resident or nonresident, if, by committing the misdemeanor referred to in paragraph 1 of this Article, it acquired larger property benefit or caused larger property damage.

The responsible persons of the legal entity shall be fined with Denar equivalent of Euro 1,500 to 3,000 for the misdemeanor under paragraph 1 of this Article.

A fine up to five times of the amount referred to in paragraph 3 of this Article shall be imposed for a misdemeanor of a responsible person in the legal entity, resident or nonresident, if it committed the misdemeanor for mercenary reasons.

The exchange office shall be fined with Denar equivalent of Euro 3,000 to 5,000 for the misdemeanor under paragraph 1 item 30 of this Article.

The responsible person in the exchange office shall be fined with Denar equivalent of Euro 1,500 to 3,000 for the misdemeanor under paragraph 1 item 30 of this Article.

The natural person, resident or nonresident, shall be fined with Denar equivalent of Euro 1,500 to 3,000 for the misdemeanor under paragraph 1 of this Article.

A fine up to twice the amount referred to in paragraph 5 of this Article shall be imposed for a misdemeanor of a natural person, resident or nonresident, if it committed the misdemeanor for mercenary reasons.

#### Article 56-b

Resident, or nonresident legal entity shall be fined with Denar equivalent of Euro 2,000 to 4,000 for the misdemeanor, if:

- 1) fails to report the investment in real estate abroad, i.e. its changes to the Central Registry within the deadline prescribed in this law (Article 11 paragraph 3);
- 2) fail to report the investment in real estate in the Republic of Macedonia, i.e. its changes to the Central Registry within deadline prescribed in this law (Article 12 paragraph 1);
- 3) fail to report on all transactions pursuant to this Law (Article 40);
- 4) fail to report on all transactions in securities abroad (Article 41); and
- 5) fail to report on all credit transactions in accordance with this Law (Article 42).

A responsible person in the legal entity shall be fined with Denar equivalent of Euro 700 to 1000 for the misdemeanor under paragraph 1 of this Article.

#### Article 57

Besides the fine, a misdemeanor measure – ban on performing certain activity may also be undertaken for the misdemeanors under 56-a of this Law, as follows:

- from 3 to 30 days for legal entities,
- from 3 to 15 days for natural persons.

Besides the fine, a misdemeanor measure – seizure of the objects which the misdemeanor has been committed with, or which have been intended for committing or have emerged from the misdemeanor shall also be undertaken for the misdemeanors under Article 56 and 56-a of this Law.

As an exception to paragraph 2 of this Article, if the motives or other circumstances under which the misdemeanor has been committed indicate that it is not justified the object to be fully seized, at least 20% of the objects which the misdemeanor has been committed with, or which have been intended for committing or have emerged from the misdemeanor of a natural person, resident or nonresident shall be seized.

Special misdemeanor measure – seizure of the vehicle if used for hiding the object of misdemeanor, and if the value of the object of misdemeanor exceeds one third of the customs base of the vehicle, shall be undertaken for the misdemeanor under Article 56-a paragraph 1 items 22 of this Law.

#### Article 57-a

Misdemeanor sanction shall be imposed by the Ministry of Finance - State Foreign Exchange Inspectorate (hereinafter: Misdemeanor authority) for the misdemeanors referred to in Article 56 paragraph 1 items 1, 2, 3, 4, 5 and 6 of this Law as well as for misdemeanors determined in Article 56-b paragraph 1 items 1, 2, 3 and 4 of this Law.

For the misdemeanors referred to in Articles 56 paragraph 1 item 7 and 56-b paragraph 1 item 5 of this Law, misdemeanor procedure shall be conducted and misdemeanor measure shall be imposed by the National Bank of the Republic of Macedonia (hereinafter: Misdemeanor Authority).

#### Article 57-b

For the misdemeanors referred to in Article 56-a paragraph 1 items 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 15, 20, 21, 24, 27, 29, 30-a, 31 and 32 of this Law, misdemeanor procedure shall be conducted and misdemeanor measure shall be imposed by the Ministry of Finance - State Foreign Exchange Inspectorate (hereinafter: Misdemeanor Authority).

For the misdemeanors referred to in Article 56-a paragraph 1 items 5, 12, 13, 14, 16, 17, 18, 19, 23, 25, 26 and 30 of this Law, misdemeanor procedure shall be conducted and misdemeanor measure shall be imposed by the National Bank of the Republic of Macedonia (hereinafter: Misdemeanor Authority).

For the misdemeanors referred to in Article 56-a paragraph 1 item 22 and 28 of this Law, misdemeanor procedure shall be conducted and misdemeanor measure shall be imposed by the Customs Administration (hereinafter: Misdemeanor Authority).

#### Article 57-c

Committee on deciding upon misdemeanors (hereinafter: Misdemeanor Committee) shall conduct misdemeanor procedures to the Misdemeanor Authority for the misdemeanors specified by this Law.

Misdemeanor Committee shall be composed of authorized officers employed with the Misdemeanor Authority, one of whom acting in the capacity of President of the Misdemeanor Committee.



The Misdemeanor Committee shall be composed of three members with at least three years of work experience in their profession, one of whom is a graduated lawyer, having passed the bar exam.

The Misdemeanor Committee shall be elected for a term of five years with the members being entitled to reelection.

Only a graduated lawyer may be elected for a President of the Committee.

The Misdemeanor Committee shall adopt its operating rules and procedures.

Charges may be pressed for initiating an administrative dispute to the competent court against decisions of the Misdemeanor Authority on imposing misdemeanor measure.

#### Article 57-d

The person managing the Misdemeanor Authority may establish several misdemeanor committees responsible for conducting misdemeanor procedure for certain areas of the Republic of Macedonia.

A member of the Misdemeanor Committee may be dismissed:

- 1) upon expiration of the term of office as a member,
- 2) upon their request,
- 3) upon fulfillment of the requirements for age retirement as defined by law,
- 4) if convicted with effective court decision for felony,
- 5) if considered to be permanently incapable,
- 6) if considered to violate the rules regulating the misdemeanor procedure with effective decision,
- 7) if they fail to meet the obligations arising from their engagement at the Misdemeanor Committee, or
- 8) if they fail to report conflict of interests for cases subject to misdemeanor procedure to the Misdemeanor Committee.

The proposal for dismissing a member of the Misdemeanor Committee for the cases referred to in paragraph 2 items 3 to 8 of this Article shall be submitted by the President of the Misdemeanor Committee to the Minister of Finance, i.e. to the Governor of the National Bank of the Republic of Macedonia.

The Misdemeanor Committee shall be entitled to present evidence and collect data necessary for determining the misdemeanor, and to carry out other activities and undertake actions specified by this Law, the Law on Misdemeanors and/or other law.

The members of the Misdemeanor Committee shall be autonomous and independent in their work at the Misdemeanor Committee and shall make decision on the basis of their professional knowledge and discretion.

The Misdemeanor Committee shall operate as a council, and shall make decision with majority votes of the members.

#### Article 57-e

As for the misdemeanors specified by this law, except for the misdemeanors referred to in Article 56-a paragraph 1 items 22 and 28 of this law, the persons being authorized by supervision authorities shall propose to the perpetrator of the misdemeanor, a settlement procedure through submission of minutes containing the stated misdemeanors and payment order.

The payment order shall state personal data of the perpetrator of the misdemeanor, the time, the place and the manner the misdemeanor incurred, legal qualification of the misdemeanor, the fine amount, the number of payment account, legal remedy and other data in accordance with the regulations.

The perpetrator of the misdemeanor, who agrees to pay the fine determined in the payment order, shall be required to return the minutes under paragraph 1 of this Article signed, within three days from the receipt.

Provided that perpetrator of the misdemeanor pays the fine within eight days from the day of receipt of the payment order, they shall pay only half of the fine. The remedy for that right shall be a part of the legal remedy of the payment order.

Provided that the perpetrator of the misdemeanor fails to return the minutes referred to paragraph 1 of this Article signed, or fails to pay fine within the deadline referred to paragraph 4 of this Article, the settlement procedure shall be considered unsuccessful.

In the instance under paragraph 5 of this Article, a request for instigating misdemeanor procedure to the misdemeanor body against the perpetrator shall be submitted.

The supervisory bodies shall be obliged to keep a record for the instigated settlement procedures and their outcome.

#### Article 58

The procedure for the misdemeanors stipulated under this Law may neither be initiated nor conducted two and a half years after the perpetration of the misdemeanor.

The expiration of the period shall be terminated with each process activity undertaken for prosecution of the perpetrator of the misdemeanor.

After each termination the expiration period shall begin to be effective.

The expiration period of the prosecution shall begin in any case after five years from the date of perpetration of the misdemeanor.

### **11. Transitional provisions**

#### Article 59

The provisions of Article 11 paragraph 1, Article 13 paragraph 2, Article 14 paragraphs 3, 4, 5, 6, 7 and 8 and Article 15 paragraph 3 of this Law shall no longer be in effect after the expiration of the first stage of the Stabilization and Association Agreement between the Republic of Macedonia and the European Union.

In case of different types of affiliation and merging of the Macedonian Stock Exchange of long-term securities with other foreign stock exchanges, the provisions of Article 14 paragraphs 3, 4, 5, 6 and 7 of this Law, shall not pertain to the investments of residents in securities on these stock exchanges.

The provisions of Article 23 paragraph 2 of this law shall no longer be in effect after the expiration of the second stage of the Stabilization and Association Agreement between the Republic of Macedonia and the European Union.

#### Article 59-a

The residents and the nonresidents having direct investments and investments in real estate abroad, i.e. in the Republic of Macedonia until the day this Law becomes effective, shall be obliged to register the investments in the Registry of investments in real estate of nonresidents in the Republic of Macedonia, the Registry of investments in real estate of residents abroad, the Registry of direct investments of residents abroad and in the Registry of direct investments of nonresidents in the Republic of Macedonia within six months from the day this Law becomes effective.

### **12. Final provisions**

#### Article 60

The by-laws stipulated by this Law shall be adopted within 60 days after the enactment of this Law.

#### Article 61

With the enactment of this Law, the Foreign Exchange Law ("Official Gazette of the Republic of Macedonia" no. 30/93, and 54/00) and the International Credit Relations Law ("Official Gazette of the Republic of Macedonia" no. 31/93 and 41/96) shall no longer be in effect.