

Law on the Takeover of Joint Stock Companies

CONSOLIDATED TEXT

Law on the Takeover of Joint Stock Companies ("Official Gazette of the Republic of Macedonia" no.4/2002, 37/2002 and 36/2007)

I. GENERAL PROVISIONS

Article 1

This Law shall regulate the manner and conditions for purchase of securities in a joint stock company – issuer of securities, by a legal entity or natural person that has acquired or intends to acquire participation ensuring over 25% of the voting rights deriving from the securities of that joint stock company (hereinafter: takeover).

Article 2

(1) The provisions of this Law shall apply to securities issued by the joint stock companies having special reporting requirements pursuant to the Law on Securities (hereinafter: joint stock companies).

(2) The provisions of this Law shall apply to securities that are sold, that is registered and paid in on the primary market, and to securities that are traded on the stock exchange of long-term securities in accordance with a law.

Article 3

When this Law prescribes that a particular person or entity is obliged to publish certain legal and other acts and circumstances, it must publish them in the “Official Gazette of the Republic of Macedonia” and in at least one daily newspaper having highest circulation in the Republic of Macedonia.

II. PUBLIC TAKEOVER BID

Article 4

(1) The person or entity which has acquired securities issued by a certain joint stock company, whereby these securities, together with the other securities that it already holds, ensures it a voting right of at least 25% in the joint stock company, shall mandatory make a public bid for takeover of securities, under the conditions and in the manner laid down by this Law.

(2) Securities held by the person or entity shall be considered:

- the voting shares;
- the voting shares acquired by a third party on its own behalf and for the account of the person or entity referred to in paragraph 1 of this Article;
- the voting shares held by persons and companies which are associated with the person or entity referred to in paragraph (1) of this Article and which act in concert;
- the securities with the right of conversion into voting shares of the person or entity referred to in paragraph 1 and the persons or entities referred to in paragraph 2 lines 2 and 3 of this Article;
- the optional agreement for purchase of shares of the person or entity referred to in paragraph 1 and the persons or entities referred to in paragraph 2 lines 2 and 3 of this Article, and
- the shares that the person or entity referred to in paragraph (1) and the persons or entities referred to in paragraph (2) lines 2 and 3 of this Article have acquired on the basis of a non-trading transfer (court decision, compensation, effectuated pledge).

(3) When determining the participation percentage referred to in paragraph 2 lines 4 and 5 of this Article, it shall be deemed that the right to purchase or conversion has already been exercised.

(4) The public takeover bid shall also be made by a person or entity which has already acquired less than 45% of the securities referred to in paragraph 2 of this Article by means of a successful takeover bid in accordance with this Law, and which has acquired additional 5% of such securities upon the completion of its takeover bid.

Article 4-a

(1) In terms of Article 4 paragraph (2) line 3 of this Law, natural persons and legal entities are associated and act in concert if:

- they agreed to act in concurrence as to acquisition of shares issued by the joint stock company being subject of the takeover, or as to the exercise of the voting right deriving from the shares issued by the joint stock company being the subject of the takeover, and
- one of them possesses shares on behalf of the other.

(2) The natural persons and the legal entities shall also be considered associated and acting in concert if one of them, directly or indirectly, controls the other or the other legal entities.

(3) In terms of paragraph (2) of this Article, the natural person or the legal entity shall control the other person or entity if it has:

- directly or indirectly, 25% or greater part of the voting shares of the legal entity;
- right to governance over the business and financial policies of the legal entity on the basis of authorizations conferred by the statute, contract or agreement, and
- directly or indirectly, predominant influence over the running of the company's operations and the decision making process.

(4) The trade companies shall be considered associated if they are mutually associated in terms of the provisions of the Law on Trade Companies.

(5) In terms of this Law, acting in concert shall be also considered when a fund management company manages several investment, that is voluntary pension funds, having shares in the same company.

(6) It shall be considered that the natural persons are mutually associated if they are related by marriage or adoption; children and parents, brothers and sisters, stepbrothers and stepsisters, grandmothers, grandfathers and grandchildren; are in other manner related by blood up to the second degree and have lived together for five years uninterruptedly as parent-guardian and child, step-mother or step-father and step-son and step-daughter, daughter-in-law, son-in-law and spouses' parents.

(7) The association, i.e. acting in concert by establishing the contractual relationship referred to in paragraph (1) of this Article shall be equated to the acquisition of voting shares in the company.

(8) The votes of the persons or entities associated, i.e. acting in concert with the bidder, shall be added to the votes of the bidder.

(9) When, in accordance with this Law, an obligation for making a public takeover bid arises as a result of associating and acting in concert established by the contractual relationship referred to in paragraph (1) line 1 of this Article, or when one of the persons or entities which act in concert acquires shares and thus meets the condition for making a public takeover bid, each of the persons or entities shall be obliged to make a public takeover bid under the conditions and in the manner set out by this Law, whereby it shall

be deemed that the obligation for making a public takeover bid is fulfilled, if the bid is made by any of the persons or entities that are associated, that is act in concert.

Article 4-b

(1) If a person or entity, during one calendar day, through one or several commercial transactions, acquires securities which, together with the shares it has possessed before, ensures it the voting right in the joint stock company of at least 25%, the obligation for making a public takeover bid in accordance with this Law shall be immediately created.

(2) If the price of the public takeover bid offered by the person or entity referred to in paragraph (1) of this Article is higher than the price of the commercial transaction or transactions referred to in paragraph (1) of this Article, the person or entity shall be obliged to compensate the seller or sellers of the commercial transactions for the difference in the price until the expiry of the deadline for acceptance of the public takeover bid, at latest. The person or entity shall be obliged to deposit the amount necessary for compensating the difference with the Central Securities Depository together with the amount set out in Article 29 of this Law, and to publicly invite the sellers of the commercial transactions to submit data to the Central Securities Depository about a bank account where payment shall be made.

Article 5

The public takeover bid can be also made by a person or entity which has not acquired more than 25% of the voting shares of the company at the time of the public takeover bid, but intends to take over, wherefore the provisions of this Law shall apply to such bid as well.

Article 6

In terms of this Law, the bidder is a person or entity that has made a public takeover bid in accordance with Article 7 paragraph 1 of this Law, regardless of whether such takeover bid has been made for the purpose of meeting its obligations stipulated in Article 4 or Article 5 of this Law.

Article 7

(1) A public takeover bid (hereinafter: takeover bid) is a written proposal by the bidder for concluding an agreement for purchase and sale of securities issued by a certain joint stock company, addressed to all holders of such securities.

(2) The takeover bid shall apply to the following securities:

- voting shares, and
- securities with the right of conversion into voting shares.

(3) The price, i.e. the conversion rate of convertible securities which is determined by the bidder in its takeover bid shall be the same for all securities of particular type which are subject of the takeover bid.

(4) If the bidder acquires more than 10% of the securities to which the takeover bid refers to in the last six months prior to the announcement of the takeover bid, it must offer, in the takeover bid, at least the same price as the highest price that it has paid when acquiring the securities in the last six months prior to the announcement of the takeover bid.

(5) If the price referred to in paragraph (4) of this Article is lower that the average price for such securities reached at an authorized stock exchange, the bidder must offer at least the average price reached at an authorized stock exchange.

(6) If the bidder or the person or entity which act in concert with the bidder, during the last six months prior to the announcement of the takeover bid, has acquired less than 10% of the securities to which the bid refers to, the price of the bid must not be lower than the average price of such securities reached at an authorized stock exchange.

(7) The average price of the securities reached at an authorized stock exchange shall be calculated as simple arithmetic mean of the daily weighted average prices reached at the authorized stock exchange in the last three months prior to the creation of the obligation for making the takeover bid.

Article 8

(1) Instead of money, the bidder, in its takeover bid, can offer to make payment by other securities that meet the conditions referred to in Article 10 of this Law (hereinafter: the convertible securities bid).

(2) The bidder can also offer convertible securities in its takeover bid instead of paying part of the amount in cash (hereinafter: the combined bid).

(3) The bidder, in its takeover bid, can also offer alternative payment by convertible securities or payment of the full price in cash, giving the holders of securities which are subject of the takeover bid a right to choose (hereinafter: the alternative bid).

(4) In case of a combined bid, the bidder can make an alternative bid as well, where the right to choose refers to either the part of the price to be paid in cash only or the part of the price to be paid in convertible securities only.

(5) As an exception to the provisions of paragraphs 1, 2, 3 and 4 of this Article, the bidder which has acquired more than 25% of securities in a manner contrary to this Law shall offer, in its takeover bid, payment of the price in cash only.

(6) As an exception to the provisions of paragraphs 1, 2, 3 and 4 of this Article, the bidder, in its takeover bid, shall offer payment of the price in cash only if it has acquired more than 10% of the securities which are subject of the takeover bid during the past six months prior to the announcement of its takeover bid.

Article 9

When the bidder, in its takeover bid, offers convertible securities so that the conversion ratio does not equal one convertible security for one security that is subject of the takeover bid, the bidder should offer holders of securities which do not possess sufficient number of securities, for the purpose of accepting the total offered price in convertible securities, a possibility of cash payment of the difference in price.

Article 10

(1) The bidder, in its takeover bid, can offer as convertible securities only:

- already issued shares, i.e. bonds that are ranked on the official stock exchange or shares of foreign companies that are ranked on the stock exchange linked to the stock exchanges in the Republic of Macedonia;
- shares, i.e. bonds that the bidder is to issue for the first time for the purpose of the takeover.

(2) The Securities and Exchange Commission (hereinafter: the Commission) can prescribe more detailed terms and conditions to be fulfilled by the convertible securities with regard to their characteristics.

(3) The provisions of the Law on Trade Companies referring to the increase of the share capital of joint stock companies shall apply to the increase of the bidder's capital in case of issuance of convertible securities referred to in paragraph 1 line 2 of this Article.

(4) The provisions of the Law on Securities referring to the public offering of securities shall not apply to the securities referred to in paragraph 1 line 2 of this Article.

(5) When the bidder, in its takeover bid, offers convertible securities referred to in paragraph 1 line 2 of this Article, it shall be considered that, by issuing the permission for such takeover bid, the Commission has also issued permission for a public bid of such convertible securities.

Article 11

(1) The takeover bid shall at least include the following elements:

- the securities to which the takeover bid refers;
- clear and unambiguous statement that the bid refers to all shareholders holding voting shares issued by the joint stock company which is the subject of the takeover bid, and that the bidder obliges itself to purchase any voting share, in accordance with the prescribed and announced conditions;
- the price at which the bidder obliges itself to purchase the securities;
- the deadline for payment of the securities; and
- the initial and closing date for the acceptance of the takeover bid by the holders of securities.

(2) When the bidder, in its takeover bid, offers convertible securities, the takeover bid shall, in addition to the elements referred to in paragraph 1 of this Article, also contain an accurately determined conversion ratio for the convertible securities, their type, as well as the last market price they had before the announcement of the takeover bid, in the event of convertible securities referred to in Article 10 paragraph 1 line 1 of this Law.

(3) In case of convertible securities referred to in Article 10 paragraph 1 line 1 of this Law, the last market price referred to in paragraph 2 of this Article shall be the last market price of the already issued securities by the bidder, being of the same type as the convertible securities concerned, or it shall be stated that those are securities which have not been traded with at all.

(4) If the bidder, in its takeover bid, offers the convertible securities referred to in Article 10 paragraph 1 line 2 of this Law, and the bidder's competent body has not yet decided on the increase of the share capital required so as to issue such shares, i.e. to issue bonds, the takeover bid that mandatorily includes a revocation regarding the statement for acceptance of the takeover bid, shall cease to be valid if the competent body fails to make a decision on the increase of the share capital, i.e. on the issue of bonds within 35 days after the expiry of the deadline for acceptance of the bid.

Article 12

(1) The takeover bid can determine the minimum number of securities that the takeover bid refers to, which must be accepted in order to consider the takeover bid successful.

(2) When the condition referred to in paragraph 1 of this Article is fulfilled, the bidder shall publicize the fulfillment of the condition the following day.

(3) The deadline for acceptance of the takeover bid shall be extended for 14 days if the condition referred to in paragraph 1 of this Article is fulfilled in the last 14 days before the expiry of the deadline for acceptance of the bid.

Article 13

Takeover bid shall not be necessary if:

- the person or entity has acquired the securities referred to in Article 4 of this Law by virtue of merger or partition of the joint stock company in exchange for the securities of the legal entity that has dissolved due to such merger or partition;
- the person or entity has acquired the securities of the joint stock company during bankruptcy procedure in the case the company has a status of a bankruptcy debtor;
- the securities have been acquired by virtue of change of the legal status of the trade company;
- the person or entity has acquired the securities in a merger procedure of trade companies, provided that one of the companies which has participated in the merger procedure to possess shares in the joint stock company which meets the condition for making a public takeover bid under this Law;
- on the basis of the takeover bid, that is takeover bids, in accordance with this Law, the person or entity has already acquired at least 45% of the securities referred to in Article 4 paragraph 2 of this Law;
- the person or entity has acquired the securities referred to in Article (4) of this Law by virtue of increasing the share capital, issuing securities for a known buyer, once the shareholders' assembly has given an approval that the person or entity concerned can acquire securities in the amount surpassing the amount stipulated in this Law for issuing a takeover bid; and
- the securities have been acquired by virtue of inheritance or division of the property acquired during marriage.

Article 14

The takeover bid shall be made by a bank or a brokerage firm, members of a stock exchange, on behalf and for the account of the bidder.

Article 14-a

The transactions for buying and selling securities on the basis of a public takeover bid shall not be carried out through the stock exchange.

III. TAKEOVER BID PROCEDURE

Article 15

(1) Prior to making the takeover bid, the bidder shall simultaneously notify the Commission, the governing body of the joint stock company to which the takeover bid refers to, and the Commission for the Protection of Competition, and shall publish its intention within one working day following the notification.

(2) In case the condition for making a public takeover bid is fulfilled in accordance with Article 4 paragraph (1) of this Law, the obligation for notification referred to in paragraph (1) of this Article shall be created immediately upon fulfillment of the condition.

Article 15-a

- (1) All shareholders in the joint stock company to which the takeover bid refers to are equal in the takeover bid. If any natural person or legal entity acquires ownership control in the joint stock company, all other shareholders have to be protected.
- (2) The shareholders in the joint stock company to which the takeover bid refers to have to be completely, precisely and timely informed about the takeover bid in order to have sufficient time to correctly assess the bid, define their interests, and make a decision on acceptance or rejection of the takeover bid.
- (3) The Board of Directors, that is the management and supervisory board of the joint stock company to which the takeover bid refers to, in the course of conducting the takeover bid procedure, must act in the interest of the joint stock company as a whole and must not dissuade the holders of securities from the possibility to decide on the advantages of the takeover bid.
- (4) The Board of Directors, that is the management board of the joint stock company to which the takeover bid refers to, shall prepare a document expressing its opinion about the impact of the implementation of the bid over the employment and the business operation of the joint stock company as stated in the takeover bid and the reasons on the basis of which it is adopted.
- (5) The bidder and the joint stock company to which the takeover bid refers to shall be obliged to conduct the takeover bid procedure within the shortest possible period in order not to hinder the joint stock company to which the takeover has been offered in its operation for a longer period of time than the one justifiably needed.
- (6) The bidder and the other persons or entities that participate in the takeover must not, by their behavior at the securities exchange, cause disturbance which consequently contributes to artificial increase or decrease of the price of a share of the joint stock company to which the takeover bid refers to.

Article 16

The governing body of the joint stock company to which the takeover bid refers to shall be obliged to notify the Commission if there are any negotiations with the bidder, as well as to announce the notification about the intention, within two working days following the receipt of the notification about the intention referred to in Article 15 of this Law.

Article 17

- (1) The Commission can require from the person or entity for which it can be concluded that has an intention to take over, within a period of 24 hours following the receipt of the Commission's request, to give an unambiguous statement whether it intends to make a takeover bid, if taking into consideration the conditions on the securities exchange, it can be concluded that a particular person or entity, or a group of persons or entities intend to make a takeover, and especially if:
 - there are negotiations regarding the takeover between the joint stock company and the bidder;
 - the price of a particular security on the stock exchange has considerably increased and could lead to a conclusion that a takeover bid will occur, and
 - the competent body of the bidder has made a decision on fixing the price for the takeover bid which is not yet published.
- (2) In the case referred to in paragraph 1 of this Article, the Commission can require from the governing body of the company to which the takeover might refer to, to give an unambiguous statement whether it is

familiar with the planned takeover bid, within 24 hours following the receipt of the Commission's request.

(3) The statements referred to in paragraphs 1 and 2 of this Article shall be immediately published by the person or entity referred to in paragraph 1 of this Article, i.e. by the governing body referred to in paragraph 2 of this Article.

Article 18

(1) If the bidder, after giving the notification in accordance with Article 15 of this Law, withdraws from the intention to make a takeover bid, it cannot make a new takeover bid prior to the expiry of a period of one year following the day of withdrawal from its intention. The new takeover bid can be given in a shorter period if the withdrawal from the intended takeover bid has been made on the basis of consent of the Commission.

(2) The Commission shall give consent for withdrawal from the intention to make a takeover bid in the cases referred to in Article 37 of this Law.

Article 19

(1) The bidder shall also, together with its takeover bid, submit a bidding document (hereinafter: takeover prospectus) within a period of 30 days following the notification about the intention referred to in Article 15 of this Law.

(2) The takeover prospectus shall include data which are necessary to enable the holders of securities to adopt an appropriate decision regarding the acceptance of the takeover bid, and in particular:

- data about the bidder;
- data about the joint stock company to which the takeover bid refers to;
- data about the companies which, regarding the takeover bid, act in their own behalf and for the account of the bidder;
- data about the companies associated with the bidder;
- securities purchase price, as well as the basis for fixing this price;
- data about the securities to which the takeover bid refers to;
- whether the bidder has determined the minimum number of voting shares that have to be sold in order to consider the bid successful;
- data about the number and type of securities to which the bid refers to and which have been acquired by the bidder prior to the submission of the takeover bid;
- data about the deadline and method of payment of the securities offered in the takeover bid;
- circumstance under which the bidder can withdraw its takeover bid;
- deadline for acceptance of the bid; and
- purpose of the takeover bid, as well as the planned method of managing the joint stock company by the bidder, and the employment policy in particular, restructuring of the joint stock company, modifications of the joint stock company's status and joint stock company's profit distribution.

(3) When the bidder, in its takeover bid, offers convertible securities, the takeover prospectus shall also include:

- data about the issuer of the securities offered as convertible securities;
- the last market price of the convertible securities prior to the publication of the takeover prospectus, as well as their book value;
- rights and obligations deriving from the convertible securities;
- data from the prospectus about the listing on the stock exchange; and

- in the case the offered convertible securities have not been yet issued, to name the procedure for issuance of new securities.

(4) The Commission can determine a more detailed content of the takeover prospectus.

Article 20

(1) If the information contained in the takeover prospectus are false, the persons or entities which have issued the prospectus, that is participated in its preparation shall have joint and several liability for the damage caused towards the holders of securities to which the takeover bid refers to if they have known or should have known about the falseness of the data.

(2) The persons or entities referred to in paragraph 1 of this Article shall also be liable for the damage if the takeover prospectus fails to list essential information that might influence the decision of the holder of the securities about the acceptance of the takeover bid.

(3) The persons or entities referred to in paragraph 1 of this Article shall not be liable if they prove that the holder of securities to which the takeover bid refers to have known about the falseness, that is incompleteness of the data contained in the takeover prospectus.

Article 21

The Commission shall not be liable for the correctness or incompleteness of the data contained in the takeover prospectus.

Article 22

(1) If the bidder modifies its takeover bid by offering a higher price, that is more favorable conversion ratio, the modification of the bid shall be published not later than seven working days prior to the expiry of the deadline for acceptance of the bid and shall, prior to publishing the modification of the takeover bid, notify the Commission and the Central Securities Depository thereof.

(2) The bidder which has modified its takeover bid shall be obliged to put an additional deposit in the amount of the difference between the new and the old price, in accordance with Article 29 of this Law, within the period referred to in paragraph 1 of this Article.

(3) If the bidder modifies the takeover bid, the persons or entities that have already accepted the previous bid shall be entitled to withdraw from the given acceptance statement and to accept the new, modified takeover bid.

(4) The bidder must not change the takeover bid or the conditions set out in the takeover bid except in the case referred to in paragraph 1 of this Article.

Article 23

(1) The takeover bid shall be made on the basis of a permission of the Commission.

(2) The Commission shall grant permission for the takeover bid after it has established that:

- the takeover prospectus has been made in compliance with Article 19 paragraphs 2 and 3 of this Law;
- the bid has been made in accordance with this Law;

- the bidder has deposited funds or provided a bank guarantee in accordance with Article 29 of this Law;
- the bidder has reserved the convertible securities in the manner laid down in Article 30 of this Law provided that the bidder, in its takeover bid, offers convertible securities in accordance with Article 10 paragraph 1 line 1 of this Law;
- the convertible securities fulfill the conditions determined by this Law;
- the bidder has entered into an agreement with the Central Securities Depository in accordance with Article 28 paragraph 1 of this Law, and
- the bidder has been granted an appropriate permission, approval, that is consent by a competent body.

(3) The Commission shall charge fees for submitting an application for granting permission and other activities related to the procedure conducted before the Securities and Exchange Commission.

(4) If another law stipulates that the takeover is subject to permission, approval or consent given by another competent body, the application for permission referred to in paragraph 2 of this Article shall be accompanied by a certificate evidencing that appropriate permission, approval, i.e. consent has been given by the other competent body.

(5) The Commission shall notify the other competent body referred to in paragraph 1 of this Article about its permission granting.

(6) The Commission shall prescribe the documents to be enclosed with the application for permission of the takeover bid.

(7) The Commission shall decide on the application for granting permission for the takeover bid within 10 working days following the receipt of the complete application at the latest, that is within 25 working days at the latest, if subject of the application is a bid made in accordance with Article 10 of this Law, or supplementation of the incomplete application is required within that period.

(8) If the Commission does not decide upon the application for granting permission for the takeover bid within the period set out in paragraph 7 of this Article, it shall be deemed that the Commission has granted permission for the takeover bid.

(9) Appeal against the decision of the Commission can be filed with the Commission for Resolution of Appeals in the field of stock exchange within a period of 15 days.

(10) The appeal referred to in paragraph 9 of this Article shall not postpone the enforcement of the Commission's decision.

Article 24

(1) The extract from the takeover prospectus and the takeover bid which has been granted the Commission's permission shall be publicized immediately after the receipt of the permission of the Commission, but not later than one working day. The takeover bid shall be publicized on the web site of the stock exchange as well.

(2) Simultaneously with its publication referred to in paragraph 1 of this Article, the takeover prospectus shall be sent to the governing body of the joint stock company to which the takeover bid refers to, the Commission for the Protection of Competition, the stock exchange, and the Central Securities Depository. The governing body of the company shall be obliged to familiarize the employees in the company with the content of the takeover prospectus, in accordance with law.

(3) Simultaneously with the publication referred to in paragraph 1 of this Article, the takeover prospectus shall be sent to all licensed stock market participants having their headquarters in the Republic of Macedonia, which must provide free insight in the takeover prospectus to all interested parties.

(4) The Commission shall prescribe the content of the extract of the takeover prospectus.

Article 25

(1) The governing body of the joint stock company to which the takeover bid refers to shall publish its substantiated opinion concerning the takeover bid, within a period of seven working days following the publication of the extract of the takeover prospectus.

(2) The opinion referred to in paragraph 1 of this Article shall mandatorily contain:

- data about the existence of any negotiations regarding the takeover bid between the bidder and the governing body of the company to which the takeover bid refers to;
- data about the existence of any negotiations regarding the takeover bid between the bidder and the governing body of the joint stock company to which the takeover bid refers to concerning the manner of exercising the voting right deriving from securities which are already in possession of the bidder;
- the position of the governing board on the impact of the implementation of the bid over the interests of the joint stock company, and especially over the employees, as well as on the bidder's strategic plans for the joint stock company to which the takeover bid refers to;
- whether the members of the governing body of the joint stock company to which the takeover bid refers to, who are holders of securities which are the subject of the takeover bid, intend to accept, that is reject the takeover bid, and to submit their explanation; and
- substantiated data about the latest audited report of the joint stock company to which the takeover bid refers to, by stating the book value of the securities which are subject of the takeover bid.

(3) If the data given in the opinion of the governing body are false or misleading, the persons who have delivered the opinion or participated in its preparation shall have joint and several liability for the caused damage to the holders of securities which are subject of the takeover bid in case they have known or should have known about such nature of the data.

Article 26

The governing body of the joint stock company to which the takeover bid refers shall notify the employees of the company in accordance with law, immediately after the publication of the opinion referred to in Article 25 of this Law.

Article 27

(1) The deadline for acceptance of the takeover bid shall be no less than 15 days and no more than 45 days as from the date of the first publication of the prospectus extract and the takeover bid.

(2) If during the takeover bid the bidder modifies the bid in accordance with Article 22 of this Law, the deadline for acceptance of the bid shall be extended by seven days.

Article 28

- (1) Prior to the publication of the takeover bid, the bidder shall conclude an agreement with an authorized representative of the Central Securities Depository on provision of services pertaining to the takeover procedure.
- (2) Under the agreement referred to in paragraph 1 of this Law, the Central Securities Depository shall assume the obligation to make all entries of bans on operation with securities and entries of transfer of securities, as well as all payments to be made during the takeover procedure.
- (3) The Central Securities Depository shall determine the fee of the services referred to in paragraph 1 of this Article upon a previous consent of the Commission.

Article 29

- (1) Prior to the publication of the takeover bid, the bidder shall deposit a sum of money necessary for the payment of all securities which are subject of the takeover bid at a separate account of the Central Securities Depository.
- (2) In the event of a combined bid, the bidder shall, prior to the publication of the takeover bid, deposit a sum of money necessary for the payment of the part of the price to be paid out in cash with the Central Securities Depository.
- (3) In the event of an alternative bid, the bidder shall, prior to the publication of the takeover bid, deposit with the Central Securities Depository a sum of money necessary for the payment of all securities which are subject of the takeover bid if all holders of securities opted for the payment of the purchase price in cash.
- (4) Instead of making a cash deposit on the basis of paragraphs 1, 2 and 3 of this Article, the bidder can provide the Central Securities Depository with a guarantee issued by a bank having headquarters in the Republic of Macedonia or a bank in a member state of the OECD, whereby the bank irrevocably undertakes to pay, at the Central Securities Depository's first demand and without objection, the amount which is necessary for the fulfillment of obligations toward holders of securities which have accepted the takeover bid, at a separate account of the Central Securities Depository, and whose validity shall be at least 30 days after the expiry of the time set out for payment under the takeover bid.
- (5) The National Bank of the Republic of Macedonia shall determine the banks of the OECD member states referred to in paragraph 4 of this Article.

Article 30

- (1) If the bidder, in the takeover bid, offers convertible securities as of Article 10 paragraph 1 line 1 of this Law, the bidder shall, prior to the publication of the takeover bid, give an order to the Central Securities Depository for reserving those securities, so the bidder cannot have such securities at its disposal until the fulfillment of the obligations towards the holders of securities which have accepted the takeover bid.
- (2) The Central Securities Depository shall ensure that the bidder cannot have at its disposal the convertible securities referred to in paragraph 1 of this Article.

(3) The Central Securities Depository shall, on the basis of paragraph 1 of this Article, enter the ban on operation with the convertible securities from the appropriate securities accounts.

Article 31

(1) The bidder must not buy securities to which the takeover bid refers to, directly or indirectly, by itself or through a third party, as from the date of the notification referred to in Article 15 of this Law to the expiry of the deadline for acceptance of the bid unless such purchase has been announced in the notification referred to in Article 15 of this Law, as well as in the takeover prospectus, but cannot acquire more than 45% of the voting shares in the company.

(2) In the case referred to in paragraph 1 of this Article, the bidder, in the prospectus, shall indicate the number of securities to which the takeover bid refers to and which have been acquired by the bidder as from the date of the notification referred to in Article 15 of this Law to the date of publication of the takeover prospectus.

(3) If the bidder itself or a third party on its behalf has acquired securities which are subject of the takeover bid as from the date of the notification referred to in Article 15 of this Law to the expiry of the deadline for acceptance of the takeover bid at more favorable price than those stated in the takeover bid and prospectus, the holders of securities to which the takeover bid refers to shall be entitled to accept the bid under such more favorable conditions.

(4) In the case referred to in paragraph 3 of this Article, the takeover bid shall be deemed to have been modified, and the deadline for accepting the modified takeover bid shall be extended by seven days.

Article 32

(1) In the case referred to in Article 31 paragraph 3 of this Law, the Commission shall adopt a decision establishing that the takeover bid has been modified and shall order the bidder to publicize the modified takeover bid as well as the deadline for acceptance of the modified takeover bid within five business days after receiving the decision, and, within the same deadline, to put additional deposit of the amount of the difference between the modified and the previous price in the manner set out in Article 29 of this Law.

(2) As from the date of receipt of the decision referred to in paragraph 1 of this Article to the date of publication of the modified takeover bid and putting the additional deposit, the acceptance or rejection of the takeover bid by the holders of securities to which the takeover bid refers to shall not have any legal effect. During this period, the deadline for acceptance of the takeover bid shall be suspended.

(3) If the bidder fails to comply with the Commission's decision referred to in paragraph 1 of this Article, the Commission, by decision, shall declare the takeover bid procedure to be out of force.

Article 33

(1) Members of the governing body of the bidder, as well as the members of the governing body of the joint stock company to which the takeover bid refers to shall, not later than 5 working days after the beginning of the deadline for acceptance of the takeover bid, notify the Commission of all legal matters pertaining to the securities to which the takeover bid refers to, which have been carried out during the six months period prior to the beginning of the deadline for acceptance of the takeover bid.

(2) The obligation for notifying the Commission within the period referred to in paragraph 1 of this Article shall apply, as well, to the spouses and their children, as well as to the legal entities where the persons or entities referred to in paragraph 1 of this Article have a majority ownership.

IV. ACCEPTANCE OF THE TAKEOVER BID

Article 34

- (1) The takeover bid shall be accepted by means of a written statement of bid acceptance by the holders of securities.
- (2) The written statement of acceptance of the bid shall be sent to the bank or the brokerage house referred to in Article 14 of this Law, and the holders of securities shall reserve the securities at a separate account with the Central Securities Depository and can no longer have them at their disposal.
- (3) The written statement of acceptance of the takeover bid referred to in paragraph 2 of this Article shall include at least:
 - type of securities which are subject of the acceptance of the takeover bid;
 - number of securities which are subject of the acceptance of the takeover bid;
 - name and surname, that is name and headquarters of the holder of securities which accepts the takeover bid, as well as unique identification number of the holder;
 - statement of acceptance of the takeover bid by the holder;
 - bank account of the holder of the securities where the payment shall be made on the basis of the accepted takeover bid;
 - personal signature of the holder of securities who is accepting the takeover bid.
- (4) The takeover bid shall be deemed accepted as of the date of reserving the securities at a separate account with the Central Securities Depository.

Article 35

On the basis of the reservation of the securities defined in Article 34 paragraph 2 of this Law, the Central Securities Depository shall ensure that the holder which has accepted the takeover bid does no longer have at its disposal such securities.

V. RESTRICTIONS ON ACTIONS OF THE GOVERNING BODY OF THE JOINT STOCK COMPANY

Article 36

- (1) Upon receipt of the notification referred to in Article 15 of this Law and until the result of the takeover bid is announced in accordance with Article 40 of this Law, the governing body of the joint stock company to which the takeover bid refers to shall not be able, without a decision adopted by the assembly of the shareholder, to:
 - increase its basic capital;
 - undertake activities other than the company's regular operations;
 - undertake activities that might jeopardize the company's future operations;
 - acquire its own shares or securities resulting in the right to exchange or acquire its own shares; and
 - perform activities whose sole purpose is to obstruct or aggravate the procedure and acceptance of the takeover bid.
- (2) Legal activities that are contrary to paragraph 1 of this Article shall be void.
- (3) The decision of the shareholders' assembly referred to in paragraph 1 of this Article shall be valid if it is adopted by at least a three-fourth majority of the votes that represent the basic capital of the company at the time of the adoption of the decision.

VI. WITHDRAWAL OF THE TAKEOVER BID

Article 37

As from the publication of the takeover prospectus until the expiry of the deadline for acceptance of the takeover bid, the bidder, if so stipulated by the takeover prospectus, can withdraw its bid, that is withdraw from the negotiations for acceptance of such bid provided that another person or entity gives a competitive bid in accordance with Chapter VIII of this Law or provided that circumstances that aggravate the bidder's fulfillment of the obligations arise to such an extent that the purchase of securities no longer meets the bidder's expectations thus making the negotiations unfair to be continued.

Article 38

The bidder shall announce the withdrawal of the takeover bid within one day. The withdrawal of the takeover bid shall become effective as of the date of its publication.

Article 39

The bidder shall notify the Commission and the Central Securities Depository about its withdrawal from the takeover bid.

VII. OUTCOME OF THE TAKEOVER BID

Article 40

(1) The bidder shall publish the number of shareholders that have accepted the bid, by stating the number of securities to which the takeover bid refers to, and whether the bid has been successful, not later than three working days after the expiry of the deadline for acceptance of the takeover bid.

(2) The data referred to in paragraph 1 of this Article shall be submitted to the Commission, the Commission for the Prevention of Corruption, as well as the Central Securities Depository not later than three working days after the expiry of the deadline for acceptance of the takeover bid.

Article 41

(1) In the event of a takeover bid as of Article 9 of this Law, the Central Securities Depository shall calculate the total monetary amount of the difference necessary to be paid in cash to the holders of securities which have accepted the bid, but do not possess a sufficient number of securities in order to accept the entire price offered as convertible securities. The Central Securities Depository shall notify the bidder of the total monetary amount not later than three working days after the receipt of the notification referred to in Article 40 of this Law.

(2) The bidder shall deposit the monetary amount referred to in paragraph 1 of this Article at a separate account with the Central Securities Depository within three working days after the receipt of the notification referred to in paragraph 1 of this Article.

(3) If the bidder fails to deposit the necessary monetary amount at a separate account with the Central Securities Depository within the deadline referred to in paragraph 2 of this Article, it shall be considered that the takeover bid is not successful.

(4) The Central Securities Depository shall notify the Commission of the bidder's deposit made in accordance with paragraph 2 of this Article, that is of the release (the return) of the deposit the day following the date of depositing, that is after the expiry of the deadline for making such deposit.

Article 42

(1) In the event referred to in Article 11 paragraph 5 of this Law, the bidder shall, simultaneously with the notification referred to in Article 40 of this Law, publicize the date of the meeting of the bidder's competent body at which it shall decide on appropriate increase of the share capital, that is on the issue of bonds if such body has not adopted a decision on the increase of the share capital, that is on the issue of bonds prior to the publication of the notification referred to in Article 40 of this Law.

(2) If the competent body has already adopted a decision on increase of the share capital, that is on issue of bonds prior to the publication of the notification referred to in Article 40 of this Law, the bidder shall, simultaneously with the notification referred to in Article 40 of this Law, publish the decision on appropriate increase of the share capital, that is on issue of bonds, as well as the date when such decision has been adopted.

Article 43

(1) On the basis of the notification referred to in Article 40 of this Law, the Commission shall, by a decision, determine the successfulness of the takeover bid, not later than three working days after the receipt of the notification referred to in Article 40 paragraph 2 of this Law, that is within three days after the receipt of the notification referred to in Article 41 paragraph 4 of this Law.

(2) Appeal against the decision of the Commission can be filed with the Commission for Resolution of Appeals in the field of stock exchange within a period of 15 working days.

(3) The appeal referred to in paragraph (2) of this Article shall not postpone the enforcement of the decision of the Commission.

Article 44

(1) If the takeover bid is successful, the Central Securities Depository shall discharge its obligation to pay, that is transfer the convertible securities referred to in Article 10 paragraph 1 line 1 of this Law to the holders of securities in accordance with the agreements concluded on the basis of their acceptance of the takeover bid within eight days after the receipt of the decision referred to in Article 43 of this Law on behalf and for the account of the bidder.

(2) Notwithstanding the provision of paragraph 1 of this Article, the Central Securities Depository shall, in the case referred to in Article 47 of this Law, be obliged to discharge the monetary obligations toward the holders of securities that have been given a subsequent bid on behalf and for the account of the bidder within eight days calculated from the day of the expiry of the deadline for acceptance of such subsequent bid.

Article 45

(1) If the bidder has offered convertible securities as of Article 10 paragraph 1 line 2 of this Law in the takeover bid and the takeover bid has been successful, the bidder shall notify the Central Securities Depository of such decision within three days after the announcement of the decision of the bidders' competent body on increase of the share capital, that is issuance of bonds.

(2) The Central Securities Depository shall inscribe the securities to which the takeover bid refers to at the bidder's account and the convertible securities at the accounts of the persons or entities that have accepted the takeover bid within eight days after the issuance of such convertible securities.

Article 46

After the Central Securities Depository has discharged the obligations on behalf and for the account of the bidder on the basis of Articles 44 and 45 of this Law in full, the Central Securities Depository shall transfer the securities from the accounts of the holders of securities that have accepted the takeover bid to the bidder's securities account.

Article 47

(1) If the bidder's alternative bid includes convertible securities as of Article 10 paragraph 1 line 2 of this Law, and the condition for termination of the obligation as of Article 11 paragraph 5 of this Law has been met, the bidder shall offer payment in cash to all holders of securities that would be entitled to receive such convertible securities on the basis of the takeover bid, unless the condition for termination of the obligation is not met (hereinafter: subsequent bid).

(2) The bidder shall be obliged to send the subsequent bid to all holders of securities referred to in paragraph 1 of this Article by registered mail within eight working days after the expiry of the deadline referred to in Article 11 paragraph 5 of this Law.

(3) The holders of securities referred to in paragraph 1 of this Article can accept the subsequent bid within eight working days after the receipt of the subsequent bid to which the provisions of Article 34 of this Law apply to.

Article 48

The restrictions on operations with the securities which have been reserved with the Central Securities Depository in relation to the takeover bid shall cease if:

- the takeover bid has been unsuccessful;
- the takeover bid has been withdrawn;
- the condition for termination of the obligations referred to in Article 11 paragraph 4 of this Law has been met, and
- in case of an alternative or combined bid, the condition for termination referred to in Article 11 paragraph 5 of this Law has been met.

Article 49

During the 12 month period after the decision of the Commission referred to in Article 43 of this Law has been issued, the bidder must not make new takeover bids nor buy securities to which the takeover bid have referred to, if these securities, together with the other securities which it already holds, ensures it more than 25% of the voting right securities in cases if:

- the takeover bid has been unsuccessful;
- the takeover bid has been withdrawn;
- the condition for termination of the obligation referred to in Article 11 paragraph 4 of this Law has been met, and
- in case of an alternative or combined bid, the condition for termination referred to in Article 11 paragraph 5 of this Law has been met.

Article 50

(1) The Commission shall submit the decision about the successfulness of the takeover bid, i.e. the decision about the withdrawal of the takeover bid to the bidder, the joint stock company to which the takeover bid refers to, the Central Securities Depository and the Stock Exchange.

(2) The bidder shall be obliged to publicize the decision of the Commission referred to in paragraph 1 of this Article in the same manner as the takeover bid.

Article 50-a

(1) If the bidder buys at least 95% of the voting shares in the joint stock company to which the takeover bid refers during the takeover procedure, it shall be entitled to also buy the shares of the rest of the shareholders which have not accepted the takeover bid. This supplementary purchase must be made according to the same conditions as for the takeover bid, i.e. as for its last modification.

(2) If the bidder exercises the right referred to in paragraph (1) of this Article, it shall be obliged to file a request with the Central Securities Depository for forced sale of the shares of the shareholders which have not accepted the takeover bid by stating the conditions for purchase of the shares which are identical to the ones stated in the takeover bid, as well as to make a payment of the monetary amount necessary for purchase of these shares at a special account with the Central Securities Depository.

(3) The Central Securities Depository shall notify all shareholders about the submitted request for forced sale and shall invite all shareholders to submit data about the bank account at which the payment for the sold shares shall be made on the basis of the forced sale.

(4) The bidder can submit the request referred to in paragraph (2) of this Article within a period not longer than 90 days from the day of publication of the decision for the successfulness of the takeover bid of the Commission in the "Official Gazette of the Republic of Macedonia".

(5) The bidder shall be obliged to publish the request referred to in paragraph (2) of this Article in the "Official Gazette of the Republic of Macedonia" and in one daily newspaper distributed throughout the Republic of Macedonia at least.

(6) Payment in cash must be offered as one alternative for shares' payment in the request for forced sale regardless the manner of payment used for the takeover bid.

(7) The provisions of Article 44, 45 and 46 of this Law shall be appropriately applied to the transfer of securities and fulfillment of the monetary obligations deriving from the forced sale, and the deadlines for fulfillment of the obligations shall start running after the expiry of the deadline set out in paragraph (4) of this Article.

(8) The costs for conducting the forced sale shall be born by the bidder.

Article 50-b

(1) If the bidder, during the takeover procedure, has acquired at least 95% of the voting shares in the company to which the takeover bid refers to, it shall be obliged to also purchase the shares of the rest of the shareholders which have not accepted the takeover bid, provided that these shareholders submit a request for forced sale to the Central Securities Depository. This supplementary purchase must be made according to the same conditions as for the takeover bid, that is as for its last modification.

(2) If the condition referred to in paragraph (1) of this Article is fulfilled, the shareholders which have not accepted the takeover bid shall submit the request for forced sale to the Central Securities Depository in the deadline not longer than 90 days from the day of the publication of the decision of the Commission referred to in Article 43 of this Law in the “Official Gazette of the Republic of Macedonia”. The shareholders which have not accepted the takeover bid shall submit a written statement in accordance with Article 34 of this Law together with the request.

(3) The bidder that has acquired at least 95% of the voting shares in the company to which the takeover bid refers to shall be obliged, after the completion of the takeover procedure, to deposit with the Central Securities Depository the monetary amount necessary for purchase of the rest of the voting shares and not to withdraw it until the expiry of the deadline set out in paragraph (2) of this Article or to provide a bank guarantee in accordance with Article 29 of this Law.

(4) The provisions of Article 44, 45 and 46 of this Law shall be appropriately applied to the transfer of securities and the fulfillment of the monetary obligations deriving from the forced purchase, and the deadlines for fulfillment of the obligations shall start running after the expiry of the deadline set out in paragraph (2) of this Article.

(5) The costs for conducting the forced sale shall be born by the bidder.

VIII. COMPETITIVE TAKEOVER BID

Article 51

(1) After the publication of the takeover prospectus, and not later than ten days prior to the expiry of the deadline for the acceptance of the bid for certain securities, the takeover bid for the same securities can be also given by another person or entity (hereinafter: competitive bid).

(2) Provisions of the other chapters of this Law shall be applied to the competitive takeover bid, unless otherwise defined in this chapter.

Article 52

(1) A competitive takeover bid can be given only by a person or entity which:

- is not affiliated in terms of capital or management with the person or entity that made the previous takeover bid; and
- is not a bank or a brokerage house making the bid on behalf and for the account of the bidder.

(2) In the event of a competitive takeover bid, the deadline for acceptance of the previous takeover bid shall be extended until the expiry of the deadline for acceptance of the competitive takeover bid, unless the previous takeover bid has been withdrawn by the bidder.

(3) In the event of a competitive takeover bid, the persons or entities that have already accepted the previous takeover bid shall be entitled to withdraw from the written statement and accept the competitive takeover bid.

(4) If the previous takeover bid specifies the minimum number of securities to which the takeover bid refers to in order to make it successful, the competitive takeover bid shall not specify lower number of securities than that of the previous takeover bid.

(5) If the competitive takeover bid is made in the time when the number of the previous takeover bid referred to in paragraph 4 of this Article has already been exceeded, the competitive takeover bid must not include the condition referred to in paragraph 4 of this Article.

Article 53

The Commission can reject the granting of permission for a competitive takeover bid if it finds out that it is obviously a matter of a takeover bid whose sole purpose is to change the price of the securities which are subject of the takeover bid.

IX. PROHIBITED ACTIONS

Article 54

The authorized participant in the stock exchange shall be obliged to reject a request for an action pertaining to the securities if it knows or should have known that the execution of the request may mean a violation of this Law.

Article 55

- (1) Shares acquired by a legal transaction which is contrary to the provisions of this Law shall give the acquirers no right to vote, that is control in the company, and they shall lose the right to a dividend.
- (2) In the event referred to in paragraph (1) of this Article, while exercising the voting right, the number of voting shares deriving from the issued shares of the company shall be reduced in proportion to the number of shares acquired through a legal transaction which is contrary to the provisions of this Law.
- (3) While exercising the voting right, the number of shares of all shareholders shall be calculated on the basis of the number of shares that they possess, reduced by the same percentage used to reduce the total number of shares, but the shares of the person or entity acquired by a legal transaction contrary to this Law shall not be taken into consideration.

X. SUPERVISION OVER CARRYING OUT THE TAKEOVER BID

Article 56

- (1) The Commission shall supervise the carrying out of the takeover bid.
- (2) The Commission shall adopt decisions in relation to the supervision of the carrying out of the takeover bid, according to the rules prescribed by the Commission.
- (3) The Commission shall decide in the event of modification of the takeover bid (Article 32), elimination of irregularities in the execution of the takeover bid (Article 57 paragraph 1), consent on withdrawal from the takeover bid, as well as successfulness of the takeover bid.

Article 57

- (1) If during the supervision referred to in Article 56 of this Law, the Commission establishes irregularities while carrying out the takeover bid that may be eliminated, it shall order the bidder, the bank, the brokerage house or the company, by a decision, to eliminate such irregularities.
- (2) In the decision referred to in paragraph 1 of this Article, the Commission shall assign a period for elimination of the irregularities which must not exceed five days.
- (3) The persons or entities referred to in paragraph 1 of this Article shall be obliged to submit a report to the Commission describing the measures taken for elimination of the irregularities, and to enclose documents and evidence showing that the established irregularities are eliminated within a period of five days from the receipt of the decision referred to in paragraph 2 of this Article.
- (4) In the period between the adoption of the decision by the Commission referred to in paragraph 1 of this Article and the expiry of the deadline referred to in paragraph 2 of this Article, the acceptance or

rejection of the bid by holders of securities to which the takeover bid refers to shall not have any legal effect. In this period, the deadline for the acceptance of the bid shall be suspended.

(5) If the bidder does not act in accordance with paragraph 1 of this Article, i.e. should there be irregularities that cannot be eliminated, the Commission can, by a decision, halt the takeover bid procedure.

(6) Appeal against the decision referred to in paragraph (5) of this Article can be lodged with the Commission for Resolution of Appeals in the field of stock exchange. The appeal shall not postpone the enforcement of the Commission's decision.

XI. NOTIFICATION OF THE COMMISSION

Article 58

During the takeover bid and within the period for acceptance of the bid referred to in Article 27 of this Law, the authorized participants in the stock exchange, as well as the Central Securities Depository shall submit to the Commission at its request all available information which is necessary for the supervision of the carrying out of the takeover bid and discharge of the reporting requirements referred to in Articles 59 and 64 of this Law.

Article 59

(1) As from the date of notification referred to in Article 15 of this Law to the expiry of the deadline for acceptance of the bid, the bidder shall regularly notify the Commission of any acquisition of voting securities or securities granting the right of conversion or acquisition of securities ensuring the voting right of the issuer of securities which are subject of the takeover bid, as well as of the price at which it has acquired such securities, unless the securities have been acquired by the bidder on the basis of a takeover bid.

(2) Persons or entities which on the date of the publication of the takeover bid in accordance with Article 24 of this Law are holders of more than 10% of voting securities or securities that give the right of conversion or acquisition of securities that ensure the voting right to the issuer of securities which are subject of the takeover bid, that is which later acquire such share of securities, shall notify the Commission thereof within three days after the publication, that is after the acquisition of such securities and shall regularly notify the Commission of any subsequent acquisition of such securities and the price at which such securities have been acquired.

XII. TAKEOVER THROUGH A JOINT PROXY HOLDER

Article 60

(1) If several persons or entities, on the basis of an agreement or otherwise, act in concert while exercising their voting rights derived from the shares of a specific company and if any one acquires securities of the joint stock company granting it the right to vote so, together with the other securities already in possession of such persons or entities, these securities grant them 25% of the voting rights, each person or entity shall be obliged to make a takeover bid, unless they agree that the takeover bid shall be made by one of them only (joint proxy holder).

(2) The exercise of the voting right on the basis of gathered proxies, if such proxies have been gathered in accordance with Article 61 of this Law and the contents of such proxies complies with Article 62 of this Law, shall not be construed as joint action referred to in paragraph 1 of this Article.

Article 61

(1) The person or entity, or persons or entities intending to exercise their right to vote at the company's shareholders assembly on the basis of organized gathering of proxies shall notify the Commission of such intention, the reasons for it and the method of gathering proxies. The notification shall be accompanied by a draft proxy as well.

(2) An organized gathering of proxies shall be considered any gathering of proxies which is designed for at least 25 shareholders in the joint stock company having voting shares.

Article 62

(1) The proxy entrusted to the person referred to in Article 61 paragraph 1 of this Law shall be valid for only one session of the assembly of the joint stock company. The proxy shall contain clear position regarding the voting on draft decision, the proxy holder's proposal to vote on individual draft decisions, request of the shareholder to give instructions on the exercise of right, reminding that unless the shareholder gives other instructions, the voting right shall be exercised in line with its own proposals which should be elaborated in the proxy and should remind him that the shareholder can revoke the proxy at any time.

(2) The Commission shall prescribe proxy for voting on individual matters at the meeting of the assembly of the joint stock company.

Article 63

Proxies gathered contrary to the provision of Article 61 of this Law, that is the contents of which are contrary to Article 62 of this Law shall be void.

XIII. REPORTING REQUIREMENT

Article 64

(1) When the person or entity, directly or indirectly, acquires 5% of all issuer's voting securities, and for each consecutive 5% of the securities (hereinafter: qualified participation), it must immediately notify the issuer of securities and the Commission thereof.

(2) The issuer receiving the notification referred to in paragraph 1 of this Article must immediately publish the notification.

Article 65

If the person or entity that is the owner of a qualified participation fails to notify the issuer and the Commission in compliance with Article 64 of this Law, it shall not be entitled to vote, that is to participate in the governing of the company regarding the shares that exceed the qualified participation.

Article 66

(1) The issuer of securities referred to in Article 2 of this Law shall be obliged to immediately publish the business events relating to such issuer or its securities which may substantially influence the price of the securities.

(2) The issuer referred to in Article 2 of this Law shall be obliged to notify the Commission about the business events referred to in paragraph 1 of this Article.

(3) The Commission shall define in detail the content, manner and deadline for publication of the notifications referred to in paragraphs 1 and 2 of this Article.

XIV. PENALTY PROVISIONS

Article 67

The person or entity that in the event of a takeover of a joint stock company give or state false information in its takeover prospectus, or make a competitive takeover bid without having the right to do so and thus induces one or more persons or entities to buy or sell securities, shall be sentenced to imprisonment of up to three years.

Article 68

The person or entity that in the event of a takeover of a joint stock company, as an authorized participant in the stock exchange, does not refuse a request or other action pertaining to the securities for which it knows or could have known that it will damage one or more of the participants in the takeover, or that the execution of the request or other action violates this Law, shall be sentenced to imprisonment of up to three years.

Article 69

(1) Fine in the amount of Euro 4.000 to 5.000 in Denar counter value shall be imposed on a legal entity if:

- it fails to give a takeover bid in the cases defined by this Law (Article 4 paragraphs 1 and 4 and Article 60 paragraph 1);
- in the takeover bid, it sets the price, that is the conversion rate of the securities contrary to this Law (Article 7 paragraphs 3, 4 and 5);
- in the takeover bid, it offers to pay the price contrary to this Law (Article 8 paragraphs 5 and 6);
- it fails to offer payment of the difference in cash (Article 9);
- the takeover bid does not contain elements determined by this Law (Article 11);
- it fails to notify the Commission about its intent for takeover (Articles 16 and 17);
- it fails to publish the takeover prospectus simultaneously with the takeover bid (Article 19);
- it state false information and data (Article 20);
- it fails to publish or notify the Commission about the modification of the bid (Article 22 paragraph 1);
- it fails to deposit the additional amount on the basis of the modified bid (Article 22 paragraph 2);
- it makes a takeover bid without obtaining a prior permission of the Commission (Article 23 paragraph 1);
- it does not define the bid within the deadlines stipulated by this Law (Article 27);
- it fails to deposit funds with the Central Securities Depository, or fails to provide a bank guarantee prior to the publication of the takeover bid (Article 29);
- it fails to issue an order for reserving convertible securities (Article 30 paragraph 1);
- it purchases securities which are subject to the takeover bid contrary to this Law (Article 31 paragraph 1);
- it fails to act in accordance with the Commission's decision (Article 32 paragraph 1);
- it fails to publish the withdrawal of the bid within the determined deadline (Article 38);
- it fails to notify the Commission about the withdrawal of the bid (Article 39);
- it does not act in accordance with the provisions of this Law pertaining to the publication (Article 40 paragraph 1);
- it fails to submit the required data to the bodies determined by this Law (Article 40 paragraph 2);
- it does not act in accordance with the provisions of this Law pertaining to the payment (Article 47 paragraph 1);
- it gives a bid beyond the deadlines stipulated by this Law (Article 49);

- it gives a competitive bid contrary to the provisions of this Law (Article 52);
- the authorized participant does not act in accordance with the provisions of this Law (Article 54);
- the authorized participant fails to submit the required information upon the Commission's request in accordance with this Law (Article 58);
- it fails to notify the Commission regarding the acquisition of securities in the events determined by this Law (Article 59 paragraph 1);
- it fails to notify according to this Law about the acquisition of 5% of the amount of voting right securities and every consecutive acquisition of 5% (Article 64 paragraph 1);
- it fails to publicize or notify the Commission about the business events which may significantly influence the price of the securities (Article 66 paragraphs 1 and 2), and
- it fails to publicize the part of the takeover prospectus and the takeover bid in accordance with Article 24 paragraph (1) of this Law.

(2) Fine in the amount of Euro 1.000 to 3.000 in Denar counter value shall be also imposed on the responsible person in the legal entity for a misdemeanor referred to in paragraph (1) of this Article.

(3) Fine in the amount of Euro 500 to 1.000 euro in Denar counter value shall be also imposed on the natural person for a misdemeanor referred to in paragraph (1) of this Article.

Article 70

- (1) Fine in the amount of Euro 4.000 to 5.000 in Denar counter value shall be imposed on a legal entity if:
- it fails to announce the fulfillment of the condition within the deadline set out by this Law (Article 12 paragraph 2);
 - the takeover prospectus is not submitted (Article 24 paragraphs 1 and 3);
 - the opinion related to the bid is not published (Article 25 paragraph 1);
 - it does not inform its employees about the bid (Article 26);
 - it fails to conclude an agreement for providing services in accordance with this Law (Article 28), and
 - it fails to notify the body determined by this Law about the increase of the basic capital (Article 45 paragraph 1).

(2) Fine in the amount of Euro 1.000 to 2.000 in Denar counter value shall be also imposed for a misdemeanor referred to in paragraph (1) of this Article on the responsible person in the legal entity.

XV. TRANSITIONAL AND FINAL PROVISIONS

Article 71

The persons or entities that, prior to the entry into force of this Law, have acquired securities that ensure them more than 25% and less than 45% of the voting rights shall be obliged to make a takeover bid after having acquired additional 5% of the voting securities for the purpose of a further acquisition of such shares under the conditions and in the manner set out in this Law.

Article 72

Deleted Article 72 is deleted in accordance with the Law Amending the Law on the Takeover of Joint Stock Companies ("Official Gazette of the Republic of Macedonia" no. 37/2002).

Article 73

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