

SEE LINK



COUNTRY
SPECIFICS

FEDERATION OF BOSNIA AND
HERZEGOVINA



SEE link
Connecting markets

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GENERAL MARKET INFORMATION



The Sarajevo Stock Exchange
Sarajevska berza - burza

MARKET OPERATOR

Sarajevo Stock Exchange (SASE). Website: www.sase.ba/v1/en-us/

FINANCIAL REGULATOR

Securities Commission of the Federation of Bosnia and Herzegovina
Website: www.komvp.gov.ba/site/index.php/en/

LIST OF LICENSED INVESTMENT FIRMS

List of the licensed investment firms can be found on Sarajevo Stock Exchange's website: <http://www.sase.ba/v1/en-us/SASE/Members-and-Shareholders/SASE-Members>

DEPOSITORY INSTITUTION

Registry of Securities in FBH . Website: <http://www.rvp.ba/english/Section1/Default.aspx>

INVESTOR COMPENSATION FUND

N/A

WEB SITES PROVIDING CORPORATE INFO AND FINANCIAL REPORTS

Corporate information and financial reports are published on our web-site
<http://www.sase.ba/v1/en-us/Reports/Companies/Financial-reports>

OTHER MEDIA PROVIDING COUNTRY AND MARKET INFO IN ENGLISH

Various DataVendors like Thomson-Reuters,Bloomberg



SETTING UP A TRADING ACCOUNT

TYPES OF ACCOUNTS / CONNECTIONS
SEE LINK MEMBERS' RANGE OF SERVICES
USE OF CUSTODY BANK SERVICES
USE OF LOCAL BANK SERVICES
SPECIFIC TAX REGISTRATION

TYPES OF ACCOUNTS / CONNECTIONS

- All the connection types are possible
- Originating Broker – Executing Broker
- Originating Broker – Executing Broker + Custody bank (securities and money)
- Originating Broker – Executing Broker (securities) + Bank (money)

CAN A SEE LINK MEMBER PROVIDE FULL RANGE OF SERVICES IN ORDER TO SET UP A TRADING ACCOUNT?

Investment Firms, have the following type of licenses:

- Execution (trading) Services
- Clearing Services
- Custody Services

Hence, one Investment firm can offer some of them. For services not offered, they have to cooperate with another entity that offers these services.

For example, if a Firm can offer only trading services it has to cooperate with a Registry of Securities (CSD) and a Custodian bank for all the other services.

IS IT OBLIGATORY FOR A SEE LINK MEMBER TO USE CUSTODY BANK SERVICES?

No, it is up to SASE Member to choose whether or not to use custody bank services.

IS IT OBLIGATORY FOR A SEE LINK MEMBER TO USE A LOCAL BANK SERVICES IN ORDER TO TRADE ON THE LOCAL STOCK EXCHANGE AND RECEIVE PAYMENTS RELATED WITH CORPORATE ACTIONS (DIVIDENDS, COUPONS, ETC.)?

No. The Investment firms in FBiH, are obliged to segregate their assets from client's assets and client's money are kept on special purpose account in Depositary bank.

IS THERE A SPECIFIC TAX REGISTRATION REQUIRED?

No tax registration is required in Federation BiH.

OPENING AN ACCOUNT WITH A LOCAL BROKER

DOCUMENTS REQUIRED FOR ACCOUNT NOTARIZED AND APOSTILLED DOCUMENTS
ACCOUNT OPENING BY PROXY
OTHER WAYS TO OPEN AN ACCOUNT REMOTELY
DOCUMENT LANGUAGE
SPECIAL TAX REGISTRATION

DOCUMENTS REQUIRED FOR OPENING AN ACCOUNT FROM THE SEE LINK PARTICIPANT

- Registration of the company, full (clearly and undoubtedly pointing the person authorized to represent the company), Company ID number, copied and stamped by public notary, not older than 6 months.
- Copy of identification document (Passport - exclusively), with clear photo of the person authorized to represent the legal entity, stamped by public notary.
- On the Company memo, phone number, fax number and e-mail address for correspondence with the company.
- Name of the Bank, SWIFT code of the bank, IBAN code of the bank and company account number on the Company memo (stamped with company seal and signed by authorized person).

Based on required documents a Brokerage Agreement is signed with the Brokerage House and client account opened for trade with securities.

WHICH OF THE REQUIRED DOCUMENTS MUST BE NOTARIZED AND APOSTILLED?

Apostille is needed in all cases where documents are originating from countries that are not signatories to the Hague Convention.

CAN A PROXY OPEN AN ACCOUNT AND, IF YES, BASED ON WHAT ADDITIONAL DOCUMENTS?

Yes. If the Company wants to be represented by a proxy, a Power of Attorney is necessary from the person authorized to represent the Company containing the following:

- Name and surname, address and number of passport of the Proxy with defined scope of powers (e.g. signing of the Brokerage Agreement, order to buy or sell securities, allocation of means obtained from sale of securities and other documents related to trade with securities in FBiH).
- Copy of ID of the Proxy (Passport - exclusively), with clear photo of the person, stamped by public notary

WHAT ARE OTHER WAYS TO OPEN AN ACCOUNT REMOTELY?

No other's ways to open an account remotely.

IS IT OBLIGATORY TO PROVIDE ANY DOCUMENTS IN LOCAL(SERBIAN) LANGUAGE?

Yes, all documents have to be translated into the local language.

IS THERE A SPECIAL TAX REGISTRATION REQUIRED?

No.



TRADING

**SASE TRADING HOURS
TYPES OF ORDERS AND VALIDITY
VOLATILITY INTERRUPTIONS
OTHER TRADING LIMITS
DAY TRADING
MARGIN BUYING AND SHORT SELLING
OTC TRADING**

SASE TRADING HOURS

Trading on SASE takes place from Monday to Friday, from 9:00 to 13:30. The specific trading schedule of a symbol depends on its trading algorithm (see Trading Process):

State of the market	What can be done?	Auction Trading	Continuous (MFTS) Trading
Pre-open	Order entry and editing Review of order book No trading take place	09:00 – 11:0x 11:05 – 13:0x	09:00 – 10:0x
Opening	Opening auction	1.aukcija:11:0x 2.aukcija:13:0x	10:0x >
Open	Order entry and editing Review of order book Trading takes place	11:0x (only trade conclusion) 13:0x (only trade conclusion)	10:0x – 13:30
Closed	No order entry or editing No review of order book No trading	13:30 – 09:00	13:30 – 09:00

TYPES OF ORDERS AND VALIDITY

Investors at the Sarajevo Stock Exchange can issue orders with the following constraints:

a. Price Constraints

- Market orders - unlimited bid/ask orders; they are to be executed at the next price determined
- Limit orders - are bid/ask orders; they are to be executed at their specified limit or better
- Limit orders with discretion - as with limit orders, the client specifies a limit price. However, the broker has the right to enter the clients' order at a better price - a maximum of 20% is possible.

b. Validity Constraints

- Open orders - valid until it is executed on the market or removed by the member who entered it. An open order is valid up to 180 calendar days from the date of entry.
- Daily orders - valid for a particular trading day
- Valid till date - valid from the moment of entry, until it is executed on the market or until the specified date. Cannot exceed 180 days.

c. Added terms of showing and execution

- Hidden volume - the entire volume is not shown on the market. Minimum size of such order is 10.000 KM (cca 5.000 €). If value falls below, the order is transformed into a fully visible order.

d. Special terms of execution

- All or none - can only be executed in full quantity

- Minimum quantity of first trade - first trade must be concluded with a quantity equal or higher than the minimum quantity specified by the member. Minimum quantity must be higher than 1.000 KM
- Minimum quantity of all trades - every trade must be concluded with quantity equal or higher than the minimum quantity (again, must be higher than 1.000 KM)
- The members of the exchange are obliged to introduce the clients to orders that are used on SASE. Market order enables the client to 'overtake' all the orders, but it's not recommendable to use with less liquid symbols. Limit order with discretion gives the broker authorization to set the price within the 20% of the limit set by client. It enables broker to react swiftly if the market circumstances change. If client gives an order with hidden volume, his intention is to hide the quantity of the order away from the other market participants. Orders with special terms of execution are used when the client wants to avoid 'splitting' of the order, i.e. he wants the order to be executed within one or two transactions.

VOLATILITY INTERRUPTIONS

In order to prevent excessive price movements triggered by small trades made away from the market price and to prolong the order exposure time, SASE introduced volatility interruptions in September 2011. Volatility interruptions are triggered once the dynamic limits of a security are about to be breached. This happens when an order would trigger the conclusion of a trade at a price outside the dynamic limits range. The dynamic limits are based on the prevailing (reference) price. The reference price is the last official price of the security (in case there were no volatility interruptions this day) or the price from the previous volatility interruption.

In case the dynamic limits are breached, trading with this security is temporary suspended for a period of 15 minutes. In this period, the market enters again the pre-open phase, in which only entering and editing of orders is possible, but no trading takes place. After the 15 minutes pass, the market opens again through an opening auction, where the new reference price for the security is calculated. It is important to note that although the reference price can change multiple times per day, it cannot breach the static limits of the security.

Dynamic limits are currently set to +/- 3 % of the reference price, regardless of trading mode or market segment.

OTHER TRADING LIMITS

Static limits are also used, which vary according to the market segment / subsegment where the security is listed. Orders outside of static limits are accepted by the trading system, however they remain inactive until their price fits into the range defined by

the static limits. The reference price for calculation of static limits is the last official price of the security.

Prime Market (Kotacija): +/- 10%

Free Market:

- Subsegment 1 (ST1) (+/-20%)
- Subsegment 2 (ST2) (+/-50%)
- Subsegment 3 (ST3) (+100/-90%)
- Subsegment for issuers in bankruptcy proceedings (no limit)

Market of Bonds & Free Market of Other Securities (+/-50%)

DAY TRADING

Intraday Trading is allowed

MARGIN BUYING AND SHORT SELLING

Margin buying and short selling it is not allowed.

OTC TRADING

No OTC trading in classical sense – even “off-the-exchange trading” must be conducted through professional intermediaries



POST-TRADING (SETTLEMENT)

TYPES OF SETTLEMENT
SETTLEMENT CYCLE
SHORT SETTLEMENT
SETTLEMENT CURRENCY
MULTIPLE CURRENCY SETTLEMENT
CASH NETTING
TRADE PRE-FUNDING
SETTLEMENT INSTRUCTIONS

TYPES OF SETTLEMENT ALLOWED FOR ON-EXCHANGE TRANSACTIONS

Delivery vs Payment Model 2: trade-by-trade with securities, netting with funds, with final transfers of both securities and funds occurring at the end of the processing cycle..

SETTLEMENT CYCLE

T+2 is the default settlement cycle for on exchange transactions for all securities

IS SHORTER SETTLEMENT POSSIBLE

Normally not possible, with the exception of primary market auctions for government debt securities, where settlement is T+1..

SETTLEMENT CURRENCY

BAM (Convertible Mark)

IS MULTIPLE CURRENCY SETTLEMENT POSSIBLE?

No (not required)

CASH NETTING

Yes

TRADE PRE-FUNDING (BOTH CASH AND STOCK)?

Yes.

IN CASE CUSTODIANS ARE INVOLVED IN TRANSACTION, WHO IS REQUIRED TO SEND SETTLEMENT INSTRUCTIONS?

In case custodian is involved in transaction, the clearing member has to give up the transaction to the custodian and the custodian is required to send settlement instructions to CSD and provide required cash and securities.

CASH AND SECURITY GUARANTEE. ANTI-MONEY- LAUNDERING REQUIREMENTS

**CLEARING HOUSE'S DEFAULT WATERFALL
BUY-IN
TRANSACTIONS MANAGEMENT
SANCTIONS
INVESTOR COMPENSATION FUND
COUNTRY-LEVEL RESTRICTIONS ON CASH TRANSFERS
REQUIRED DOCUMENTS**

CLEARING HOUSE'S DEFAULT WATERFALL

If a CSD-member fails to pay its net debt on T+2, the Registry will settle the trade using the Guarantee Fund. Please note that custody banks are also members of the Registry clearing and settlement system and are therefore liable for the settlement. If a CSD member does not cover his short securities position by 10:00 on T+1, the buy-in procedure is started. Lending of securities is allowed, with the written permission of the securities owner.

BUY-IN

Clearing Member is responsible to settle its transaction.

- If the failed trade concerns a Buy, the financing of the failed purchase will be covered from guarantee fund in Securities Registry (CSD)
- If the failed trade concerns a sale, it can be covered:
 - ✓ Through Early Settlement Pre-agreed Trades
 - ✓ Through the stock lending product, or
 - Through OTC (off-exchange) transaction

TRANSACTIONS MANAGEMENT

No late settlement procedure is available. There is no specific procedure for market claims either.

SANCTIONS

There are predefined penalties for settlement after T+2 by the Securities Registry (CSD)

INVESTOR COMPENSATION FUND

A Guarantee Fund is installed at the Securities Registry (CSD) to cover potential damages in case any of the CSD-members fail to pay their liabilities. All members are required to contribute to the Guarantee Fund.

COUNTRY-LEVEL RESTRICTIONS ON CASH TRANSFERS

No restrictions on cash transfer apply in general for foreign persons.

IF YES, WHAT DOCUMENTS ARE REQUIRED?

N/A

CORPORATE EVENTS

**DIVIDEND RECORD DATE/EX-DATE
DIVIDEND PAYMENTS DISTRIBUTION
PAYMENTS OF DIVIDENDS, COUPONS, UNUSED
RIGHTS ETC.
CAPITAL INCREASE WITH RIGHTS
RECORD DATE/EX-DATE
STOCK SPLITS / REVERSE STOCK SPLITS
TRADE/SETTLEMENT SUSPENSION
AUTOMATIC ORDER DELETION
OTHER CORPORATE EVENTS**

DIVIDEND RECORD DATE/EX-DATE

Dividends are payable to a shareholder which is registered as a shareholder of the company on the day when the appropriate Decision is passed by a shareholders meeting.

IS THE CSD RESPONSIBLE FOR DIVIDEND PAYMENTS DISTRIBUTION TO SHAREHOLDERS?

No, the company is responsible.

PAYMENTS OF DIVIDENDS, COUPONS, UNUSED RIGHTS ETC.

The payments are received directly from the accounts of the Company through the Bank.

CAPITAL INCREASE WITH RIGHTS

According to the Company Law, existing shareholders are granted subscription rights in case of capital increasing. Each existing share entitles to one right. Each right can be used for subscription of such amount of shares so the shareholder can retain their pre-increase stake in case all rights are used up.

RECORD DATE/EX-DATE

There are no specific restrictions regarding the record date.

STOCK SPLITS / REVERSE STOCK SPLITS

The stock split/reverse stock split procedures are automated and performed by the CSD.

IS TRADING/SETTLEMENT SUSPENDED IN CASE OF CORPORATE EVENTS AND IF YES, FOR HOW LONG?

Yes, CSD sends to Stock Exchange information to stop trading. After CSD completes necessary actions they send Information to SASE to restart trading. Period depends on CSD rules and type of corporate action.

IS THERE AN AUTOMATIC ORDER DELETION AT THE END OF DIVIDEND RECORD DATE?

No

ARE OTHER CORPORATE EVENTS POSSIBLE?

Yes, mergers, spin-off, etc

TAXATION

**CAPITAL GAINS TAX
DIVIDEND TAX
VAT**

CAPITAL GAINS TAX

There is no tax on capital gains in FBiH for foreign persons as well as for domestic persons and legal entities. At this moment capital gains tax (10%) is applied on non-resident legal entity. Bosnia and Herzegovina has a numerous Double Taxation Treaties, which in most cases don't give right to Bosnia to tax this income.

DIVIDEND TAX

There is no tax on dividends in FBiH for foreign persons as well as for domestic persons and legal entities. Dividends are taxable by 5% and this applies only on non-resident legal entity. DTT treaties generally allow Bosnia to tax dividends to this rate.

VAT

Trading, clearing and settlement services are exempted from VAT.



SEE link
Connecting markets