

# SEE LINK



COUNTRY  
SPECIFICS

## MACEDONIA



**SEE link**  
Connecting markets

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# GENERAL MARKET INFORMATION

## MARKET OPERATOR

Macedonian Stock Exchange (MSE) - <http://www.mse.mk/mk/>

## FINANCIAL REGULATOR

Securities and Exchange Commission of the Republic of Macedonia  
<http://www.sec.gov.mk/>

## LIST OF LICENSED INVESTMENT FIRMS

List of the licensed investment firms can be found on Securities and Exchange Commission's website: <http://sec.gov.mk/Pages/Ucesnici2.aspx?selected=drustva>

## DEPOSITORY INSTITUTION

Central Security Depository  
<http://www.cdhv.mk/>

## WEB SITES PROVIDING CORPORATE INFO AND FINANCIAL REPORTS

Mainly <http://www.seinet.com.mk/>





# 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

Possible options for Macedonia:

- Originating Broker – Executing Broker
- Originating Broker – Executing Broker + Custody bank (securities and money)

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

Only the Macedonian SEE Link members that hold big license according to the securities Law (banks) provide full range of services. The other members can provide only order execution services.

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

No, it is not obligatory to use custody bank services and all MSE members with full license can give whole service. However, the members prefer usage of custodian as a more convenient way due to their capacities. Different members have their own procedures and requirements.

## 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, it is not obligatory but a preferable way of working of the members. Again, different members have their own procedures and requirements.

## IS THERE A SPECIFIC TAX REGISTRATION REQUIRED?

Yes. Foreign investors must obtain Tax Identification Numbers

For individuals a copy of a valid passport and residency certificate, for legal entities a document issued by the original registry and residency certificate.



# 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

A securities account can be opened by CSD or through brokerage houses or banks authorized to operate in securities (CSD Members) after filling out and signing a special form.

If the account is opened by the CSD, the following documents should be submitted:

- Request for opening a securities account
- A copy of an ID card\* (for domestic individuals) and a valid passport for foreign individuals, or a Certificate of the current status of the company issued by the Central Registry- Trade registry and the Register of legal entities – for legal entities registered in Republic of Macedonia (for foreign legal entities a document with equivalent data issued by its relevant companies register should be submitted) .

*\* If the applicant submits the documents by post or a proxy, according to the Anti-Money Laundering Law and for identification purposes, it is necessary to submit a copy of an ID verified by an authorized notary.*

## WHICH OF THE REQUIRED DOCUMENTS MUST BE NOTARIZED AND APOSTILLED?

Copies of documents that are submitted to CSD must be notarized if issued in Macedonia.

If documents are issued abroad must be apostilled. Macedonia is a party to the Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents meaning that it no legalization of documents is required if they originate from another country that is party to the treaty.

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

Yes, this is the account mentioned above – called Representative account. Securities account opened with the Depository on the basis of the regulation regulating the issue of legally appointed representative ( ex. in case of minors, individuals who have lost their business capacity, pension and investment fund management companies), or on the basis of a certified power of attorney by virtue of which the holder of securities grants the management and disposal with securities and the exercise of the rights attached to such securities to a third party-representative. The person represented is at all times the owner of securities held on the representative account.

When a representative securities account is opened with the Depository, legally valid documentation is submitted, depending on the relation between the two persons (in case of minors, consent by the legal custodians, for persons who have lost their business capacity, a Decision issued by the competent social care center, for pension and investment fund management companies- a Decision issued by the competent authority SC etc). If the account operator opens a representative account with the Depository through an authorized participant , the authorized participant shall submit an application with the Depository containing a statement by the authorized participant that the account is opened on the basis of an act issued by a competent authority.

### WHAT ARE OTHER WAYS TO OPEN AN ACCOUNT REMOTELY?

There is no possibility to open account remotely otherwise than the manners described above.

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

Documents presented to CSD are in Macedonian language, if in other languages, they must be accompanied by certified translation.

# TRADING

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

## MSE TRADING HOURS

- 09:00 - 10:00 Pre-trading
- 09:00 - 10:00 Opening auction (phase with a fixed time length 9:00-9:55; phase with a random length 9:55 + 1 to 300 seconds)
- 10:00 - 13:00 Continuous trading
- 9:00 – 13:00 - Auction trading
- after the market open for the specific group - until 13:00 - Post-trading (only for the auction trading regime)

All times are Macedonian Time (GMT+01:00)

## TYPES OF ORDERS AND VALIDITY

Basic order types, supported by SEE Link:

- Market orders: unlimited bid/ask orders. They are to be executed at the best bid/ask on the market
- Limit orders: bid/ask orders, which are to be executed at their specified limit or better

Additional order types, supported by SEE Link:

- Iceberg Orders: An iceberg order is specified by its total volume and its visible part (which also determines the step), with certain rules for the ratio between the visible and the invisible part

In terms of validity, orders can vary from good for day up to 90 days.

## VOLATILITY INTERRUPTIONS

The trading platform automatically triggers a volatility interruption in any instrument if the potential execution price lies outside of the dynamic limits ( $\pm 3\%$  of the reference price, i.e. last daily official price or the price of the previous volatility interruption) or if there is a potential cross trade in an amount equal or greater than 1 million MKD (around 16.260 EUR).

The volatility interruption results in switching to a ten-minute auction with an additional random of 120 seconds.

## OTHER TRADING LIMITS

There are also static limits for all securities in the continuous trading regime and for the more liquid securities in the fixing trading regime. For the securities in the continuous trading regime the static limits are  $\pm 10\%$  of the last daily official price, while for the securities in the fixing trading regime the static limits are  $\pm 20\%$  of the last daily official price. The static limits for the securities in the fixing trading regime can be removed once a month, according to liquidity criteria.

## DAY TRADING

N/A

## MARGIN BUYING AND SHORT SELLING

N/A

## OTC TRADING

N/A



# 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

DvP, BIS model 2

## SETTLEMENT CYCLE

T+3

## IS SHORTER SETTLEMENT POSSIBLE

If members on buy and sell side agree the settlement can be on T+1 or T+2

## SETTLEMENT CURRENCY

Macedonian denar – MKD

## IS MULTIPLE CURRENCY SETTLEMENT POSSIBLE?

Multiple currency settlement is not possible.

## CASH NETTING

Yes.

## TRADE PRE-FUNDING (BOTH CASH AND STOCK)?

Cash pre-funding depends on the member's policy, some members do not require pre-funding, others do.

According to the MSE Trading Rules, reservations of securities for selling is obligatory for the brokers in order to place a sell order in MSE system.

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

Authorized participants (brokers and banks) conducting transactions on the Stock Exchange are the one that can have bank accounts in the National Bank for settlement.

In case custodian is involved in transaction, the broker/bank conducting the transaction is required to send settlement instructions.

# **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

The CSD operates a cash settlement guarantee fund. The CSD does not operate as CCP and does not guarantee transactions with its own capital. CSD members currently do not post collateral based on their open positions nor make any other type of deposits.

## BUY-IN

No buy ins, members are required to reserve the securities for the future sale

## TRANSACTIONS MANAGEMENT

N/A

## SANCTIONS

The defaulting participant will be fined by CSD, in some cases suspended, and the SEC will likely issue a sanction.

## INVESTOR COMPENSATION FUND

The Investor Compensation Fund is prescribed in the law, but with delayed implementation with the date of the Republic of Macedonia's EU accession.

## COUNTRY-LEVEL RESTRICTIONS ON CASH TRANSFERS

No specific restrictions apply.

The anti-money laundering law provides that financial institutions are obliged to identify their clients at establishing business relations, including opening of a bank account as well as at implementing of operation or performing a transaction for an amount exceeding EUR 1000 or the equivalent in the local or any foreign currency.

Outgoing money transfers, f/x operations and fast money transfers need to be reported to the National Bank of Republic of Macedonia (Central Bank) for statistical purposes by the initiator.

## IF YES, WHAT DOCUMENTS ARE REQUIRED?

Besides the banks order – form for requesting an outgoing money transfer, in accordance with the local regulations (Law on f/x operations and Law for prevention of money laundering and terrorist financing) required documentation depends on the type of the transaction (eg. concluded agreements, invoices, documents from the Central Registry, licenses etc.).



# **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

The companies prescribe the dividend record date in a decision enacted by the AGM.  
The decision is published on a special MSE disclosure platform

#### IS THE CSD RESPONSIBLE FOR DIVIDEND PAYMENTS DISTRIBUTION TO SHAREHOLDERS?

Only optional. Issuers can chose whether to use a bank or pay dividends trough CSD

#### PAYMENTS OF DIVIDENDS, COUPONS, UNUSED RIGHTS ETC.

Payments of dividends are made directly to bank accounts of securities holders, except if omnibus account (the custodian bank is making the transfer).

#### CAPITAL INCREASE WITH RIGHTS

According to the Law on Trading companies the possibility to subscribe rights is postponed until Macedonia acquires EU membership.

#### RECORD DATE/EX-DATE

N/A

#### 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?

Trading is suspended three days before the activity is executed at the CSD.

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

No.

#### ARE OTHER CORPORATE EVENTS POSSIBLE?

IPOs, other types of capital increases/decreases, M & A deals, etc.

# **TAXATION**

**CAPITAL GAINS TAX  
DIVIDEND TAX  
VAT**

## CAPITAL GAINS TAX

Capital gains from transactions in securities are not taxed (there is a delay of introduction of the taxation until 2018).

## DIVIDEND TAX

Dividend tax for all securities holders is 10%.

For foreign investors the provisions of the Avoidance of Double Taxation Treaties between Macedonia and investor's country of origin are applied.

## VAT

CSD's, Macedonian Stock Exchange's and Investment firms' transaction fees are VAT-exempt.





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