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COUNTRY SPECIFICS

REPUBLIC OF SRPSKA



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GENERAL MARKET INFORMATION

MARKET OPERATOR

Banja Luka Stock Exchange (BLSE). Website: <http://www.blberza.com/>

FINANCIAL REGULATOR

Republic of Srpska Securities Commission. Website: <http://www.secrs.gov.ba/>

LIST OF LICENSED INVESTMENT FIRMS

List of the licensed investment firms can be found on Banja Luka Stock Exchange's website: <http://www.blberza.com/Pages/members.aspx>

DEPOSITORY INSTITUTION

Central Registry of Securities Banja Luka (CRHOV). Website: <http://www.crhovrs.org/>

INVESTOR COMPENSATION FUND

WEB SITES PROVIDING CORPORATE INFO AND FINANCIAL REPORTS

Banja Luka Stock Exchange web pages (<http://www.blberza.com/>) contains corporate actions news, quarterly, semi-annual and annual financial statements, auditor's report, ownership structure, trading statistics and other information about listed companies.

OTHER MEDIA PROVIDING COUNTRY AND MARKET INFO IN ENGLISH

Foreign Investment Promotion Agency of BiH <http://www.fipa.gov.ba/>
Government of the Republic of Srpska <http://www.investsrpska.net/>
Investment-Development Bank (IRBRS) <http://www.irbrs.org/>



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 (if Executing broker is an organizational unit of a bank)

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?

It depends what kind of license investment firm holds. Investment firm provides order executions and tax issues services to their clients. Custody bank offers custody of securities and money and corporate actions services. If investment firm holds license for both brokerage and custody business then it provides to their clients all services.

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

No, it is not obligatory. It is up to investor 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.)?

Yes. Foreign investor must open an account with the local bank in order to trade on the Banja Luka Stock Exchange. Foreign investor must submit duly certified copy of the passport to the local bank.

IS THERE A SPECIFIC TAX REGISTRATION REQUIRED?

There is no tax registration in Republic of Srpska.

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

The documents required for opening an account by foreign entities are as follows:

- Decision on registration (court decision or decision of relevant authority),
- If the owner of legal entity is other legal entity then it is necessary to provide information on the owner,
- CSD instruction to open account.

The documents required for opening an account by foreign individuals are as follows:

- Duly certified copy of the passport,
- The declaration of political activism in foreign country,
- CSD instruction to open account.

WHICH OF THE REQUIRED DOCUMENTS MUST BE NOTARIZED AND APOSTILLED?

All documents must be notarized or dully signed copies.

Apostille is not required for foreign entities that are coming from the following countries: Serbia, Croatia, Austria, Montenegro, Belgium, Hungary, Greece, Romania, Czech Republic, Slovakia, Russian Federation, Mongolia, Libya, Italy, France, Cyprus, Bulgaria and Turkey.

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

Proxy can open account. Proxy can be CSD member, lawyer, legal representative for juvenile person and family member in the first line (knee).
It needs to have authority of representation (proxy).

WHAT ARE OTHER WAYS TO OPEN AN ACCOUNT REMOTELY?

An account can be opened remotely only if foreign investor is using brokerage house to represent it in front of the Register.

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

All documents must be translated into local language (Serbian).

IS THERE A SPECIAL TAX REGISTRATION REQUIRED?

No, there is no special tax registration required.

TRADING

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

BLSE TRADING HOURS

The **continuous trading** phases are:

- Pre-open (from 8:30 to 09:30 + "random time=120 sec")
- Open market (from 09:30+"random time" to 13:00)
- Close market (13:00)

The **single price auction** (fixing) phases are:

- From 08:30 to 12:00 + ("random time = 120 sec") it is allowed to enter, change, halt, release and withdraw orders.
- Market opening at 12:00 + "random time".

All times are Banja Luka Time (GMT+1)

TYPES OF ORDERS AND VALIDITY

BLSE supports:

With respect to price:

- **Market order** - the client sets no price restrictions,
- **Limit order** - the client sets an acceptable price for buy (the highest) or sell (the lowest),
- **Market-to-limit order** - is entered as a market order and is executed against the best limit price on the opposite side. If an order cannot be executed in full at the price of the opposite order, the order becomes a limit order for the remaining portion with the limit price of already executed volume,
- **Stop order** - the stop price, as an optional parameter, is entered. When the stop limit is reached, the order is automatically activated as the market (stop market order) or limit order (stop limit order), and executed if the conditions on the markets exist.

Orders with additional quantity restrictions:

- **"All or none"** order may only be executed if it is possible to sell or by whole quantity. Entry of hidden quantity is not allowed,
- **"Minimum quantity of all trades"** - trade is executed only with quantity that is equal or exceeds the minimum quantity specified in the order. If the remaining quantity is smaller than the minimum required quantity, the order is changed into new order where the minimum required quantity shall become the remaining quantity.

Order with hidden quantity –order with additional condition, show only the visible quantity of the order in the market depth, the remaining quantity is stored in the hidden quantity of order. The minimum value of the total and visible volume in the orders with hidden quantity is stipulated by the Instructions.

Orders with execution restrictions:

- **Day order** - valid only on the day of entry and is automatically removed after the trading,

- **Open order** (good-till-cancelled) - valid until it is executed on the market or removed by the Member who entered it and no longer the 180 days from the date of entry, change or confirmation,
- **Order valid until the specified date** (good-till-date) - valid until it is executed or until the specified date. It shall be automatically removed from the BST, if it is not executed until the specified date or within 180 days from the date of entry, change or confirmation,
- **Immediate or cancel order** (IOC) - a single entry enables to buy or sell a security at different prices up to the set limit, whereby any unfilled quantities shall be deleted from the BST. IOC order can be executed only on the “open market”. A combination with other additional restrictions is not allowed,
- **Fill or kill order** (FOK) - a single entry enables to buy or sell a security at different prices up to the set limit, whereby the order is either executed immediately and in full (one or several trades) or not at all. FOK order can be executed only on the “open market”. A combination with other additional restrictions is not allowed.

VOLATILITY INTERRUPTIONS

The continuous trading in a security shall be temporary interrupted in the event when the trading system can execute trades outside the dynamic price limits (+/- 3%), after which a special auction shall be initiated (volatility interruption auction) and a new reference price determined.

OTHER TRADING LIMITS

Trades in securities that are traded continuously may be executed at prices which shall not fluctuate by more than 20 percent from the closing price of the previous trading day (static limits). Securities that are traded using fixing method do not have static limits.

DAY TRADING

Intraday Trading is allowed.

MARGIN BUYING AND SHORT SELLING

Not supported.

OTC TRADING

Only block trades can be executed bilaterally between parties and must be reported to the BLSE.

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, on T+2 (gross securities, net cash) for exchange orderbook trades

DVP, on T+0 (gross securities, net cash) for short-term securities and REPO.

SETTLEMENT CYCLE

T+2 (stocks and bonds), T+0 (t-bills and REPOs)

IS SHORTER SETTLEMENT POSSIBLE

T+0 for short-term securities and REPOs.

SETTLEMENT CURRENCY

BAM (Bosnian Convertible Mark)

IS MULTIPLE CURRENCY SETTLEMENT POSSIBLE?

No

CASH NETTING

Yes

TRADE PRE-FUNDING (BOTH CASH AND STOCK)?

Yes. Investor must deposit money in advance at brokerage house account.

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

Custodian 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

CSD has a cash settlement guarantee fund. CSD does not act as a CCP and does not guarantee settlement with its own equity.

BUY-IN

CSD Member is responsible to settle transactions.

If a seller does not have securities, the CSD has a right of mandatory buy-in. Seller that does not have securities to settle transactions also can borrow securities from other CSD member in accordance with the CSD's clearing and settlement procedures. In case of lack of money to settle transaction, the CSD uses guarantee fund to settle the transaction.

TRANSACTIONS MANAGEMENT

Not applicable.

SANCTIONS

Sanctions for failed transactions are regulated by the CSD regulations.

INVESTOR COMPENSATION FUND

There is not an Investor Compensation Fund.

COUNTRY-LEVEL RESTRICTIONS ON CASH TRANSFERS

There are no restrictions of the cash transfer for foreign investors. These transfers may be a subject to anti-money laundering procedures if it exceeds certain thresholds (25,000 EUR).

IF YES, WHAT DOCUMENTS ARE REQUIRED?

A confirmation about paid taxes (if they apply) that is issued by Tax Administration.

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

General shareholders meeting (GSM) decides on the dividend record date which must be at least 20 days after the GSM. The stock exchange publishes ex-date on its web pages. Ex-date is on T-1 from the record date.

IS THE CSD RESPONSIBLE FOR DIVIDEND PAYMENTS DISTRIBUTION TO SHAREHOLDERS?

Issuer pays dividends to shareholders directly. CSD may pay dividends if the issuer contractually hired CSD to do pay dividends for the issuer.

PAYMENTS OF DIVIDENDS, COUPONS, UNUSED RIGHTS ETC.

The payments are transferred directly to the investors' banking accounts.

CAPITAL INCREASE WITH RIGHTS

When a company raises equity shareholders have a right to acquire new stocks in order to maintain their stakes in the equity. The preemptive rights are not issued to the shareholders and they do not exist as tradable instruments.

RECORD DATE/EX-DATE

General shareholders meeting (GSM) decides on the record date which must be at least 20 days after the GSM. The stock exchange publishes ex-date on its web pages. Ex-date is on T-1 from the record date.

There are no specific restrictions regarding the record date. The GM defines the date for the capital increase.

Rights are traded on the exchange within a timeframe defined in the prospectus (minimum and maximum number of days apply). Non-exercised rights expire worthless.

STOCK SPLITS / REVERSE STOCK SPLITS

The stock split/reverse stock splits are done by the CSD.

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

In case of capital decrease the trading is suspended until the process is finished in the CSD.

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

No

ARE OTHER CORPORATE EVENTS POSSIBLE?

Yes, different types of capital increase/decrease, M&A deals, spin-offs.

TAXATION

**CAPITAL GAINS TAX
DIVIDEND TAX
VAT**

CAPITAL GAINS TAX

Capital gains are taxed at 10 percent rate.

DIVIDEND TAX

There is no tax on dividend. Interest earned on debt instruments is not subject to tax.

VAT

Trading, listing, clearing and settlement services are exempted from VAT.



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