

*(Official Gazette No.63/2000 – establishment of the Fund)*

*(Official Gazette of the Republic of Macedonia, No. 29/2002, 43/2002, 49/2003, 81/2008, 158/2010, 43/2014 15/2015, 153/2015, 27/2016 and 83/2018)*

## LAW ON DEPOSIT INSURANCE FUND

### 1. GENERAL PROVISIONS

#### Article 1

This Law shall regulate the establishment, operations and organization of the Deposit Insurance Fund.

#### Article 2

The Deposit Insurance Fund (hereinafter: the Fund) shall be established and owned by the Republic of Macedonia.

The Fund shall be the legal successor of the Savings Deposit Insurance Fund.

#### Article 3

The Fund shall be enacted as a legal entity.

The seat of the Fund shall be in Skopje.

#### Article 3-a

The Fund shall be a specialized financial institution, reimbursing the insured deposits in the banks, foreign bank branches and savings houses in which a risk event occurred in accordance with Article 9 paragraph 1 of this Law.

### 2. DEPOSITS SUBJECT TO INSURANCE

#### Article 4

The banks, foreign bank branches and savings houses established in the Republic of Macedonia are obliged to insure the deposits in the Fund.

Deposits for the purposes of this law shall imply denar and foreign currency deposits, certificate of deposits, transaction accounts, deposits related to payment cards and foreign currency inflows of the physical persons (hereinafter: deposits).

In case of reimbursement by the Fund, the individual deposits of a person in a bank, foreign bank branch or savings house shall be considered as a single deposit.

#### Article 4-a

The Governor of the National Bank of the Republic of Macedonia shall adopt a decision to prohibit collection of deposits for a bank, foreign bank branch or savings house which has been excluded from membership in the Fund due to failure to pay the premium.

Membership in the Fund shall cease in case when the Governor of the National Bank of the Republic of Macedonia shall adopt a decision to revoke founding and operating license of a bank, foreign bank branch or savings house.

The Fund shall insure the total deposits in the banks, foreign bank branches and savings houses deposited until the day the decisions set in paragraph 1 and 2 of this article become final.

### 3. RESOURCES

#### Article 5

The resources of the Fund shall amount to at least 4% of the total deposits in the banks, foreign bank branches and savings houses in the Republic of Macedonia.

The resources of the Fund shall imply the funds from the accounts of the Fund in the National Bank of the Republic of Macedonia, the funds from the accounts of the Fund in commercial banks and funds invested in securities.

When the resources of the Fund exceed the level referred to in paragraph 1 of this Article, the Managing Board of the Fund can pass a decision for terminating the obligation of the banks, foreign bank branches and savings houses to pay the premium to the Fund.

As an exception to paragraph 4 of this Article, banks, foreign bank branches and savings houses shall pay premium during the period they are under additional measures undertaken by the Governor of the National Bank of the Republic of Macedonia in accordance to Article 133 of the Banking Law or they are under administration in accordance to Article 139 of the Banking Law. Premium shall be paid at a rate set by the Managing Board of the Fund.

#### Article 6

The resources of the Fund shall be composed of the founding capital, collection of deposit insurance premiums and revenues from investments.

The resources of the Fund shall be invested in:

1) Securities issued by the Republic of Macedonia and the National Bank of the Republic of Macedonia with maturity up to twelve months from the moment of purchase.

2) Debt securities issued by foreign countries, central banks or public international financial institutions, rated by at least two internationally acknowledged credit risk assessment agencies, in one of the highest categories, up to the level of insured foreign currency deposits.

The resources of the Fund can only be used for reimbursement of insured deposits and for coverage of operational costs of the Fund.

#### Article 7

To the end of insuring deposits, the Fund collects premium from the members of the Fund at a rate up to 0.7% on annual level from the total deposits in each bank, foreign bank branch and savings house.

The manner, the payment period and the level of the premium referred to in paragraph 1 of this Article shall be set by the Managing Board of the Fund.

In case of late payment of the premium referred to in paragraph 1 of this Article, the Fund shall calculate and charge legal penalty interest.

In case of nonpayment of the premium referred to in paragraph 1 of this Article, successively, for a subsequent period of six months, membership in the Fund shall cease.

The Fund shall immediately notify the National Bank of the Republic of Macedonia about the cases referred to in paragraph 3 and 4 of this Article.

The resources paid to the Fund by banks, foreign bank branches and savings houses on the basis of premiums shall be irreversible.

The newly-established banks, foreign bank branches and savings houses are obliged to pay entry premium in the amount of 1% of the founding capital when becoming members of the Fund.

#### Article 8

In case the Fund lacks resources for the payment of the insured deposits, the Fund shall provide additional resources via the following:

1) additional payments from banks, foreign bank branches and savings houses, but not more than the triple amount of the premiums, paid in the month prior to the month in which the Governor of the National Bank of the Republic of Macedonia passed the decision pursuant to Article 4-a paragraph 2 of this Law;

2) borrowing in the country and abroad;

3) borrowing from the Budget of the Republic of Macedonia.

The banks, foreign bank branches and savings houses are obliged to pay the additional payments referred to in paragraph 1 item 1 of this Article to the account of the Fund within 8 days from the day the Fund submits the calculation to the banks, foreign bank branches and savings houses.

#### Article 8a

In case the Fund lacks resources for the payment of the insured deposits, the Ministry of Finance can buy out the securities issued by the Republic of Macedonia and owned by the Fund before the maturity date. The buyout is done without public call.

### 4. REIMBURSEMENT OF DEPOSITS

#### Article 9

The Fund shall start the reimbursement of the insured deposits within 20 days after the day the decision of the Governor of the National Bank of the Republic of Macedonia referred to in Article 4-a paragraph 2 of this Law becomes final.

Under exceptional circumstances, the Fund shall prolong the term of paragraph 1 of this Article up to ten days.

The Fund shall reimburse the insured deposits, but not exceeding Euro 30,000 in Denar equivalent for a deposit in a bank, foreign bank branch and savings house calculated by applying the middle exchange rate of the National Bank of the Republic of Macedonia on the day the decision referred to in Article 4-a paragraph 2 of this Law becomes final.

The amount referred to in paragraph 3 of this Article shall comprise the principal of the deposit, the calculated agreed and ascribed interest and the undue interest up to the day the decision referred to in Article 4-a paragraph 2 of this Law becomes final.

On the day the decision referred to in Article 4-a paragraph 2 of this Law becomes final, the deposits deposited in foreign currency shall be converted in Denars by applying the middle exchange rate of the National Bank of the Republic of Macedonia.

The reimbursement of Denar and foreign currency deposits shall be made in Denars.

In case of doubt that the depositors' claims of the members of the Fund arise from transactions used for money laundering or financing terrorism, the payment of the depositors' claims shall not be made until the date of effectiveness of the court decision on the connection with transactions used for money laundering or financing terrorism.

## 5. DEPOSITS THAT ARE NON-REIMBURSABLE

### Article 10

The Fund shall not reimburse the following deposits:

1. Deposits extended under privileged interest terms, other than the ones published by the bank, foreign bank branch or savings house,
2. Deposits of the owners of over 5% of the voting shares in the bank, foreign bank branch or savings house;
3. Deposits of members of management bodies of the bank, foreign bank branch or savings house;
4. Deposits of family members of direct lineage of 1<sup>st</sup> degree of the depositors referred to in items 2 and 3 of this Article;
5. Deposits related to transactions used for money laundering if the perpetrator has been convicted and the sentence is effective.

In case a depositor has liabilities towards the bank, foreign bank branch or savings house the total amount of the deposits of the depositor shall be reduced by the amount of the liabilities of the depositor towards the bank, foreign bank branch or savings house.

In case of joint deposit, the parts of the depositors are considered equal unless otherwise regulated with a contract.

To set the amount of Article 9 paragraph 3 of this Law the participation of each depositor in the joint account shall be taken into account.

## 6. BODIES OF THE FUND

### Article 11

Bodies of the Fund shall be: Managing Board and Director.

### Article 12

The Managing Board is composed of five members appointed by the Government of the Republic of Macedonia. Three members are appointed upon proposal of the Minister of Finance, one upon proposal of the Governor of the National Bank of the Republic of Macedonia and one upon proposal of the Association of Banking and Insurance. The last one must not be a member of a management body or an employee in a bank, branch of a foreign bank or a savings house and must be an expert in banking and finance.

The Managing Board shall pass bylaws regulating the operations of the Fund.

The members of the Managing Board shall be appointed for four-year term of office.

The Managing Board shall report to the Government of the Republic of Macedonia about its operations.

### Article 13

The Director of the Fund is appointed by the Government of the Republic of Macedonia for a period of 4 years.

For the appointment of the Director, a public call is announced in at least three daily newspapers, which are circulated on the entire territory of the Republic of Macedonia, and one of these newspapers is issued in one of the languages spoken by 20% of the citizens who speak an official language different from the Macedonian language.

A Director may be a person who meets the following criteria:

- 1) Is a citizen of the Republic of Macedonia;
- 2) At the moment of appointment does not have effective court judgment for a punishment or a fine in a form of prohibition for performing a profession, activity or duty;
- 3) Has acquired 240 credits per the ECTS or has completed a VII/1 degree of education;
- 4) Has at least five years of working experience;
- 5) Is not a member of a managing body or is not an employee of a bank or a savings house;
- 6) Owns at least one of the following international certificates for fluent command of English, not older than five years:
  - TOEFL IBT - at least 74 points;
  - IELTS – at least 6 points,
  - ILEC (Cambridge English: Legal) – at least B2 level,
  - FCE (Cambridge English: First) – passed,
  - BULATS – at least 60 or
  - APTIS - at least B2 level

### Article 14

The members of the Managing Board and the Director can be dismissed prior to the expiry of their terms of office, if convicted for criminal act against property or for violation of the financial regulation, in the same manner and procedure as for their appointment.

### Article 15

The operations and the organization of the Fund shall be defined by the Statute of the Fund. The Statute of the Fund shall be passed by the Managing Board.

The Government of the Republic of Macedonia shall approve the Statute of the Fund.

The Government of the Republic of Macedonia shall confirm the financial report and the annual account of the Fund.

### Article 15a

The employees of the Fund performing administrative duties shall have the status of administrative servants.

For issues relating to the employment of employees of paragraph 1 of this Article, which are not regulated with this Law and with the Collective Labour Agreement, shall apply the

provisions of the Law on Administrative Servants and the general regulation covering labour relations.

The employees of the Fund performing logistic and technical tasks shall have the status of logistic and technical staff.

For the logistic and technical staff shall apply the provisions of the general regulation covering labour relations.

#### Article 15b

The manner of establishment of the basic salary and adding to the salary of the employees of the Fund is regulated with the Collective Labour Agreement and the value of the coefficient of the basic salary is established by the Managing Board of the Fund upon proposal by the Director.

### 7. REPORTS

#### Article 16

The Fund shall prepare semi-annual and annual operational reports. The Fund is obligated to publish the annual operational report in at least one public media.

An authorized auditor shall perform audit of the operations of the Fund. The audit report shall be obligatorily published in at least one mass media.

The Fund is obliged to submit the annual operational report together with the audit report to the Government of the Republic of Macedonia.

### 8. INFORMATION

#### Article 17

The National Bank is obliged to submit to the Fund, upon its request, periodical financial reports related to all relevant information with respect to its members.

The reports referred to in paragraph 1 of this Article shall be based on the supervisory reports of the National Bank of the Republic of Macedonia.

The National Bank of the Republic of Macedonia is obliged to submit the Fund monthly reports on the total deposits by banks, foreign bank branches and savings houses, containing data on the principal and interest on the deposits referred to in Article 4 paragraph 2 of this Law. The monthly reports for the previous month shall be submitted to the Fund by the 25<sup>th</sup> day of the current month at the latest.

The National Bank of the Republic of Macedonia is obliged to submit the Fund, upon its request, a report on the banks, foreign bank branches and savings houses - members of the Fund against which additional measures have been undertaken by the Governor of the National Bank of the Republic of Macedonia in accordance with Article 133 of the Banking Law or they are under administration in accordance with Article 139 of the Banking Law. The report shall be submitted within ten days from the day of receipt of the Fund's request, at the latest.

Upon the request by the Fund, the administrators appointed by the Governor of the National Bank of the Republic of Macedonia, are obliged to submit to the Fund a report on the financial condition and the perspectives of the bank, foreign bank branch and savings house. The report shall be submitted within ten days from the receipt of the request of the Fund, at the latest.

The banks, foreign bank branches and savings houses - members of the Fund are obliged

to submit to the Fund a report on the quarterly state of the total number of depositors with deposits in the amount of up to Euro 30,000, and depositors with deposits exceeding Euro 30,000. The report on the previous quarter shall be submitted by the 15<sup>th</sup> day of the current month, at the latest.

The data in the reports that shall be submitted to the Fund represent classified information.

## 8-a. PENALTY PROVISIONS

### Article 17-a

The authorized persons of the Deposit Insurance Fund, shall offer, within their authorizations, to the perpetrator of any infraction specified by this law, an intermediation and agreement for the perpetrator of the infraction to pay the fine and other taxes or to eliminate the damages arising from the infraction.

The authorized person of the Deposit Insurance Fund shall initiate the intermediation procedure submitting an offer to the perpetrator of the infraction within eight days after the determination of the perpetration of the infraction.

The perpetrator of the infraction shall, within three days after the receipt of the offer under paragraph 2 of this Article, render a written consent for the initiation of the intermediation procedure.

The authorized persons of the Deposit Insurance Fund for the cases under paragraph 3 of this Article shall compile a minute indicating the consent of both sides to initiate the intermediation procedure that shall also be signed by the perpetrator of the infraction.

The Director of the Deposit Insurance Fund shall adopt a bylaw determining the number, the required education level and the work experience of the members of the Intermediation Committee.

The Intermediation Committee shall work at sessions attended by representatives of the perpetrator of the infraction.

An agreement shall be compiled on the concluded consent on intermediation, indicating the consent of both sides.

The agreement shall specify the obligations for the perpetrator of the infraction, in particular:

- 1) the level and the manner of paying the fine;
- 2) the level and the manner of paying other taxes and expenses,
- 3) the measures which are to be undertaken by the perpetrator of the infraction in order to eliminate the damages arising from the infraction.

The agreement under paragraph 7 of this Article shall enjoy a power of executive document.

The Director of the Deposit Insurance Fund shall adopt rules and procedures and an expense report for the work of the Intermediation Committee. The amount and the type of

expenses specified by the expense report shall be determined on the basis of the actual costs of the Deposit Insurance Fund for facilitating the work of the Intermediation Committee.

The Intermediation Committee shall keep records on the initiated intermediation procedures and their outcome.

#### Article 17-b

The responsible person at the National Bank of the Republic of Macedonia shall be fined for infraction in the amount of Denar equivalent from Euro 1,000 to 2,000 if he/she fails to submit or submit in untimely manner to the Fund the reports referred to in Article 17 paragraphs 1, 3 and 4 of this Law.

#### Article 17-c

Bank, foreign bank branch or savings house, member of the Fund, shall be fined for infraction in the amount of Denar equivalent to 5,000 if it fails to:

- timely submit to the Fund the report referred to in Article 17 paragraph 6 of this Law;
- pay the additional premium in the specified deadline referred to in Article 8 paragraph 1 item 1 and paragraph 2 of this Law.

#### Article 17-d

Infraction fine in the amount of 30% of the fine set for the bank shall also be imposed for infringements of Article 17-c of this law for the persons with special rights and responsibilities in the bank.

#### Article 17-e

The administrators of the bank, foreign bank branch or savings house shall be fined for infraction in the amount of Denar equivalent from Euro 1,000 to 2,000 if they fail to submit or submit in untimely manner the report referred to in Article 17 paragraph 5 of this Law.

#### Article 17-f

The amount of the fine for legal entities shall be determined in accordance to the Law on Misdemeanors.

### 9. TRANSITIONAL AND FINAL PROVISIONS

#### Article 18

The Fund will start its operations within three months from the enactment of this Law.

Within the deadline set in paragraph 1 of this Article the Republic of Macedonia will buy out the shares of the banks and the savings houses - founders of the Savings Deposit Insurance Fund at their nominal value.

The resources for the buy out of shares referred to in paragraph 2 of this Law shall be provided from the Budget of the Republic of Macedonia.

#### Article 19

On the date the Fund starts operating, chapter III-a - Savings Deposit Insurance Fund and the provisions from Articles 93-a to 93-l of the Law on Banks and Savings Houses (Official



Gazette of the Republic of Macedonia No. 31/93, 78/93, 17/96, 37/98 and 25/2000) shall cease to be valid and the Savings Deposit Insurance Fund shall be deleted from the Trade Registry.

#### Article 20

On the date of accession of the Republic of Macedonia to the European Union the provisions of Article 9 paragraph 3 of the Law on Deposit Insurance Fund (Official Gazette of the Republic of Macedonia No. 63/2000, 29/2002, 43/2002, 49/2003 and 81/2008), as well as the provisions of Article 17 paragraph 6 of the Law on Deposit Insurance Fund (Official Gazette of the Republic of Macedonia No. 63/2000, 29/2002, 43/2002, 49/2003 and 81/2008) shall cease to be valid.

#### Article 21

From the date of accession of the Republic of Macedonia to the European Union deposits for the purposes of this Law shall also imply denar and foreign currency deposits, transaction accounts, deposits related to payment cards and foreign currency inflows of the legal entities considered as small-scope commercial entities in accordance with the Company Law (Official Gazette of the Republic of Macedonia No. 28/2004, 84/2005, 25/2007, 87/2008, 42/10 and 48/10).

#### Article 22

From the date of accession of the Republic of Macedonia to the European Union the Fund shall reimburse the insured deposits, but not exceeding Euro 100,000 in Denar equivalent for a deposit in a bank, foreign bank branch and savings house calculated by applying the middle exchange rate of the National Bank of the Republic of Macedonia on the day the decision referred to in Article 4-a paragraph 2 of this Law becomes final.

#### Article 23

From the date of accession of the Republic of Macedonia to the European Union the banks, foreign bank branches and savings houses - members of the Fund are obliged to submit to the Fund a report on the quarterly state of the total number of depositors with deposits in the amount of up to Euro 100,000, and depositors with deposits exceeding Euro 100,000. The report on the previous quarter shall be submitted by the 15<sup>th</sup> day of the current month, at the latest.

#### Article 24

This Law shall enter into force on the eighth day from the day it is published in the "Official Gazette of the Republic of Macedonia"