

Pursuant to article 6 from the Law on Deposit Insurance Fund (“Official Gazette of the Republic of Macedonia” no.63/2000, 29/2002, 43/2002, 49/2003, 81/2008, 158/2010, 43/2014, 15/2015, 153/2015, 27/2016 and 83/2018) and article 33, item 2 from the Statute of the Deposit Insurance Fund (“Official Gazette of the Republic of Macedonia” no.46/2001, 68/2002, 31/2003, 69/2003, 69/2012 and 102/2014 and 54/2015), at its 24<sup>th</sup> board meeting held on August 8<sup>th</sup>, 2020, the Management Board of the Fund adopted the

## **RULEBOOK ON THE INVESTMENT POLICY OF THE DEPOSIT INSURANCE FUND**

### **1. General provisions**

#### Article 1

This rulebook shall prescribe the policy of investing the financial assets of the Deposit Insurance Fund (hereinafter: the Fund).

#### Article 2

The Fund's financial assets are composed of the founding capital, collection of premium from members of the Fund and the income from the investments.

#### Article 3

The Fund is authorised to use the investment instruments as prescribed in article 6, paragraph 2 of Law on Deposit Insurance Fund (hereinafter: the Law), listed below:

1) Securities issued by the Republic of Macedonia and the National Bank of the Republic of Macedonia with maturity period of up to twelve months after their acquisition by the Fund (hereinafter: securities) and

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

#### Article 4

This policy is additionally commending the investments of the Fund, as defined in article 6, paragraph 2, item 1 of the Law, i.e. the investments in securities issued at the domestic market.

The investments of the Fund in securities as prescribed in paragraph 2 of article 6 of the Law, shall be implemented after this matter is regulated by appropriate legislation on the manner and procedure of conducting investments in foreign debt securities.

## **2. Principles of investments**

### **Article 5**

The Fund's financial assets shall be invested in accordance to the following principles:

1. Safety of invested funds,
2. Maintaining liquidity to cover the liabilities of the Fund,
3. Gaining profits from investments.

### **Article 6**

The safety of the investments is provided by procurement of securities issued by the Republic of Macedonia or the National Bank of the Republic of Macedonia with maturity up to twelve months after their acquisition by the Fund.

The necessity to maintain the Fund's current liquidity should always be taken into consideration when the financial assets of the Fund are invested, since article 9 of the Law commends that the Fund shall start the reimbursement of insured deposits to depositors within 20 days from the day the Governor of the National Bank of Macedonia adopts a decision to revoke the operational licence of a bank, branch of a foreign bank or saving bank.

The Fund should gain profits by investing its financial assets in securities in line with security market conditions. The Fund must not be exposed to risk in order to attain greater profits, when procuring securities issued by the Ministry of Finance or the National Bank of the Republic of Macedonia.

## **3. Structure of investments**

### **Article 7**

Investment portfolio of the Fund is formed of the following securities:

1. Treasury bills issued by the Republic of Macedonia with maturity period of up to twelve months after their acquisition by the Fund and
2. Securities issued by the National Bank of Macedonia with maturity period of up to twelve months after their acquisition by the Fund.

### **Article 8**

The total value of the Fund's investment portfolio as set in article 7 of this Regulation shall not exceed 99% of the sum of Funds' total cash funds, receivables – premium, and total value of securities at the end of each month.

The total value of securities as referred in paragraph 1 of this article is the adjusted value of treasury bills in the Fund's accounting records at the end of each month.

## Article 9

The Fund shall form the investment portfolio as referred in article 7 of this Regulation, by taking into account the policy of investments in securities with various maturity dates of 3, 6 or 12 months, in order provide proper structure of the total invested assets.

## 4. Authorizations

### Article 10

The activities related to investments are performed by the Managing Board of the Fund, the Director of the Fund and the “Investment Committee” consisting of three members, employees in the Fund.

### Article 11

The Managing Board shall make decisions on the following matters:

1. Shall authorize the Director of the Fund to make individual decisions for the Fund to trade at the primary and secondary market for securities,
2. Review information on the Fund’s investment portfolio value.

### Article 12

Director of the Fund is obliged to:

1. Decide on establishing the “Investment Committee” consisting of three employees of the Fund.
2. Make individual decisions for the Fund to trade at the primary and secondary market for securities, upon authorization issued by the Managing Board.
3. Make individual decision on selecting a commercial bank to serve as an intermediary for the Fund to participate at treasury bills auctions, taking into account: the price of bank commission, buying and selling price at the secondary market and an information from the National Bank of the Republic of Macedonia if the respective bank has been undergoing improvement measures, in accordance to article 133 from the Banking Law or has been going under administration measures in accordance to article 139 from the Banking Law.
4. Informs the Managing Board, in writing, about Fund’s investment portfolio value and gained profits from investments, on a quarterly basis or upon request from the Managing Board.

### Article 13

The “Investment Committee” shall perform the tasks listed below with consent from the Director:

1. Collect information on the securities auctions published in the republic of Macedonia and the National Bank of the Republic of Macedonia.
2. Collect information on the securities’ transactions.

3. Monitor the value of the free cash flows of the Fund which could be invested to the level as defined in article 7 from this Rulebook.

4. Prepare proposals and opinions on trading with securities and shall submit it to the Director.

5. Create proper diversification of securities based on maturity, if treasury bills with maturity of 3, 6 and 12 months are issued.

6. Perform necessary administration processes in accordance to prescribed time framed procedures for cooperation with commercial banks (intermediators) related to trading with securities.

7. Control the financial assets gained as profits from matured securities.

8. Control the interest collected from investments in securities.

9. Monitor the Funds' securities records at the Central Securities Depository.

10. Perform various analysis on the Fund's investment portfolio.

11. Monitor the legislation related to trading with securities, specifically the legislation on trading with treasury bills.

12. Submit written information, at the beginning of each month, about each investment made during the past month and about the value of the investment portfolio at the end of each month.

#### Article 14

The investments of financial assets shall be executed via Fund's account at the National Bank of the Republic of Macedonia.

### **5. Informing**

#### Article 15

The information on investments of financial assets of the Fund is part of the Annual Report of the Fund.

### **6. Final provisions**

#### Article 16

With the entry into force of this Rulebook, the Rulebook on the policy of investment of financial assets of the Deposit Insurance Fund, adopted at the 26<sup>th</sup> meeting of the Managing Board of the Fund, held on 13<sup>th</sup> May 2005, shall cease to be valid.

#### Article 17

This Rulebook shall enter into force the day it is adopted.

President of the Managing Board  
Suzana Peneva