

**General agreement on prompt sale/purchase of securities with an
obligation for their repurchase/resale**
(General Repo Agreement)

Concluded in _____ on _____, between

1. _____, (hereinafter: party)
2. _____, (hereinafter: party)

I. GENERAL PROVISIONS

Article 1

This Agreement shall regulate the rights and obligations of the parties hereto and the manner and terms under which the parties conclude transactions for prompt sale/purchase of securities with an obligation for repurchase/resale of the same or equivalent securities (repo transactions).

Any resident of the Republic of Macedonia shall be a Party hereto.

Article 2

The terms used in this agreement shall denote the following:

"Purchase price" shall be the price at which, on the purchase date, the Buyer purchases from the Seller the securities subject to the transaction.

"Purchase Date" shall be the date on which the Buyer purchases securities (purchased securities) from the Seller.

"Repurchase Date" shall be the date on which the Buyer sells the purchased or equivalent securities to the Seller.

"Price differential" shall be set on any date during the transaction, by applying repo interest rate to the purchase price for a calendar number of days within the period commencing on the Purchase Date (including that date) and ending on the date of calculation, or the Repurchase Date (excluding that date) on the basis of 360 days in a year, under proportional method of calculation.

"Repo interest rate" shall be the interest rate used for calculating the price differential and agreed between the parties for certain transaction in annual percentage.

"Repurchase price" on a certain date shall be the price equal to the sum of the purchase price and the price differential calculated on such date.

"Transaction upon demand" shall be the transaction in which the Repurchase Date is not stated in the time of initiation of the transaction, and it will be set additionally by sending a written notice from one of the parties to the other. If none of the parties submits a written notice, the last day of the allowed trading with such securities will be considered a Repurchase Date, but not longer than one calendar year after the Purchase Date.

"Fixed Term Transaction" shall be the transaction in which the Repurchase Date is determined with the commencement of the transaction.

"Equivalent securities" shall be the securities having the same issuer, identical type and same market value, i.e. securities conferring the same rights to the holder as the securities subject to the transaction. Equivalent securities can also be other securities accepted by both parties as equivalent securities.

"Margin" shall be the amount which one of the parties is obliged to transfer i.e. pay to the counterparty in form of securities, or funds as a result of exposure.

"Market price of securities" shall be the price (increased by the amount of the accrued interest, unless this interest is already calculated in the price) set by generally acknowledged source (stock exchanges, OTC markets), both of the parties have agreed on, or price mutually agreed upon by the both parties.

"Margin ratio", shall be the securities' market price-to- purchase price ratio, or some other ratio which both parties have agreed on.

"Minimum amount for margin request" shall be the amount which can be set by the parties, and the exceeding of which shall entail a request for covering the exposure in the transaction.

"Working day" shall be the day on which payments are executed through MIPS (Macedonian Interbank Payment System).

Article 3

Pursuant to this Agreement, one of the parties - Seller shall be consented to sell securities to the other party - Buyer, with the Buyer being consented to pay the purchase price to the Seller with a simultaneous obligation that on a certain future date agreed by both parties, or upon demand, the Buyer shall sell to the Seller the purchased, or equivalent securities, for which the Seller shall pay to the Buyer the previously set repurchase price.

Article 4

After the signing of this Agreement, the parties may, in any time, agree on transaction referred to in Article 3 of this Agreement, upon proposal of any party.

The parties hereto shall be consented to regulate their mutual rights and obligations in the transaction by signing a Confirmation, which is an annex to the Agreement.

II. PAYMENT AND TRANSFER

Article 5

The transfer of ownership of the securities by the Seller and the transfer of the funds by the Buyer shall be made simultaneously (according to the "delivery versus payment" principle), under the terms specified in the Confirmation.

By way of derogation, when entering into transaction with foreign securities, the order of transfer of funds in Denars and the ownership of foreign securities shall be agreed by the parties hereto.

Article 6

The Seller shall ensure that the securities i.e. equivalent securities are exclusively in its ownership and that they do not confer any liability or right to third parties (protection from eviction), that the securities were acquired legally and that they are not subject to any lawsuit.

Article 7

When securities subject to transaction are expressed in other currency, the payables shall be calculated by using current exchange rate published on the exchange rate list of the National Bank or other exchange rate as agreed by both parties.

Article 8

Should the parties make a mutual payment on any date, and based on any liability hereunder, they may agree on netting their mutual payments, with the party debiting larger amount to pay the differential it debits to the other party. The parties can also use the same principle as for the obligations for transferring securities, which are the same, or equivalent.

III. EXPOSURE

Article 9

The parties may agree on regulating their mutual rights and responsibilities on the basis of the exposure in the transaction.

Article 10

If the parties agree on determining the exposure in the transaction, they shall determine the market that will be used in determining the market value of the securities, or, in the absence of regular setting of the prices on primary and/or secondary market, an appropriate method for evaluation of the securities.

Article 11

If on any date in the period from the Purchase Date until the Repurchase Date of a certain transaction, the repurchase price on that date multiplied by the set

margin ratio is exceeding the current market price of the securities on the same date, it shall be deemed an exposure of the Buyer in the amount of the calculated differential.

If on any date in the period from the Purchase Date until the Repurchase Date in a certain transaction, the repurchase price on that date multiplied by the set margin ratio is lower than the current market price of the securities on the same date, it shall be deemed an exposure of the Seller in the amount of the calculated differential.

Article 12

If several transactions are executed between the parties simultaneously, the exposure of one of the parties to the other one shall be calculated separately for each individual transaction.

The party the total exposure of which is larger than the total exposure of the other party, shall be deemed being net exposed by the amount of the differential.

Article 13

The party that is exposed at any moment, i.e. net exposed to the other party, may request a margin from the other party in the amount equal to that exposure, i.e. net exposure.

If the parties set a minimum amount for a margin request, the margin request may be submitted only if the exposure, i.e. the net exposure exceeds the agreed minimal amount.

Article 14

Margin may be paid in cash or transferred in securities, whichever agreed upon by the parties.

The Cash Margin payment from one party to another shall increase the liability of the other party. Such liability shall be taken into account in the settlement of the mutual liabilities and claims of the parties on the Repurchase Date, unless it is fulfilled before the Repurchase Date. The liability shall increase by the amount of the interest calculated by using a repo interest rate, from the date of Cash Margin payment to the date of its returning or to the Repurchase Date.

Securities Margin transfer from one party to another shall increase the liability of the other party. The securities shall be taken into account in the settlement of the mutual liabilities and claims of the parties on the Repurchase Date, unless they are returned before the Repurchase Date.

Article 15

When a liability arises in the light of Article 13 of this Agreement, the margin will be paid i.e. transferred within deadlines set by a Confirmation given as an Annex to this Agreement. If the deadlines for margin payment and transfer are not set, the

margin shall be delivered on the date of determining the exposure, i.e. the net exposure.

If the party bound to pay the margin, defaults, it shall pay an interest on the calculated amount of margin for the duration of the exposure in accordance with Article 23 of this Agreement.

IV. SECURITIES INCOMES

Article 16

In case the incomes are paid on the basis of the securities subject to this Agreement, within the period between the Purchase Date and the Repurchase Date of the securities (during the transaction), the Buyer shall be bound to pay an amount and currency equal to the income amount to the Seller on the date of payment of the income.

Article 17

Provided that the Buyer sells the purchased securities during the transaction, and the issuer pays the income referred to in Article 16 of this Agreement, the Buyer shall be bound, on the day of payment of the income, to pay to the Seller the amount equal to the income the issuer paid.

If the Buyer fails to pay to the Seller the yield referred to in Article 16, the Buyer shall be bound to pay penalty interest agreed in accordance with Article 23 of this Agreement.

V. EXCHANGE OF SECURITIES

Article 18

The Seller may, at its own expense and with a written consent of the Buyer, exchange the purchased securities for other securities (new securities) the market value of which, on the date of such agreed exchange, is at least equal to the market value of the purchased securities they are exchanged for.

Article 19

The exchange shall be made by a simultaneous transfer of the new securities by the Seller to the Buyer and the purchased securities by the Buyer to the Seller.

As an exception, in case of exchange of foreign securities, the transfer of the new securities by the Seller to the Buyer and the purchased securities by the Buyer to the Seller shall not have to be performed simultaneously.

Article 20

The exchange of securities shall neither denote renovation of the transaction the exchange pertains to, nor a creation of a new transaction, but the transaction shall be further executed in a manner identical as before, except that the new

securities shall be deemed purchased securities, instead of the securities that are exchanged.

VI. EVENTS OF DEFAULT

Article 21

The following shall be considered Events of Default:

- a) if any party fails to fulfill any obligation herein;
- b) if any party admits that it is unable to fulfill any of its obligations arising from this Agreement and/or arising from any transaction that emanates from this Agreement.

Article 22

The party which is not responsible for the violation of the Agreement may terminate the Agreement, the actual transaction or all transactions under this Agreement with prior written notice to the other party.

With the termination of the Agreement, the specific transaction or all transactions under this Agreement, the liabilities of both parties fall due immediately and the date of termination shall be deemed the Repurchase Date.

Article 23

Any Defaulting Party herein shall be liable to the non-Defaulting Party herein for all expenses incurred in connection with the Events of Default, together with the default interest both of the parties have agreed upon.

Article 24

If the Seller fails to transfer the securities to the Buyer on the Purchase Date, and the Buyer fails to pay the Purchase Price to the Seller, both parties shall be deemed to withdraw from the transaction and the Confirmation of such transaction shall be deemed invalid.

Article 25

If the Buyer fails to transfer the securities to the Seller on the Repurchase Date, the Seller can calculate the amount of the mutual liabilities (netting) on the Repurchase Date by applying the current market price of the securities, or to purchase the securities and consider their price increased by the transaction costs as market price on the Repurchase Date.

If the Seller fails to pay the Repurchase Price to the Buyer on the Repurchase Date, the Buyer may hold the securities and calculate the amount of mutual liabilities (netting) by applying the current market price of the securities, or to sell the securities and consider the selling price increased by the transaction costs as market price on the Repurchase Date.

The party of the Agreement having a higher debt pursuant to paragraphs 1 and 2 of this Article shall be required to pay the calculated differential to the counterparty on the Repurchase Date.

In instance when there is no possibility for purchasing or selling the securities, or there is no current market price set on primary or secondary market, the Buyer may keep the received securities, while the Seller may keep the received funds without calculating the mutual liabilities (netting).

Article 26

If any of the parties of the Agreement executes its liabilities in the Agreement on the Purchase Date / Repurchase Date, the counterparty shall be required to refund any payment received or securities, together with the all income incurring from the securities and the default interest, agreed pursuant to Article 23 of this Agreement, calculated on the purchase price / repurchase price for the period from the Purchase Date/ Repurchase Date till the Repayment Date.

Article 27

In default of the Agreement pursuant to Article 17 paragraph 2, the Seller may calculate new repurchase price on the Repurchase Date reduced by the income that the Buyer failed to pay to the Seller on the Date of Payment by the issuer of securities and the default interest of this amount, agreed pursuant to Article 23 of this Agreement.

VII. TRANSITIONAL AND CLOSING PROVISIONS

Article 28

Any notice to be sent under this Agreement shall be in writing (by mail, fax, or any other electronic messaging system agreed upon by the parties) at the address previously stated by the notice recipient.

Any notice referred to in paragraph 1 of this Article shall be effective:

- a) if in writing and delivered by registered mail, with a receipt or if the recipient is delivered the message personally or when the recipient receives the message;
- b) if sent by fax, at the time when the recipient's answerback is received;
- c) if sent by electronic messaging system, when the sender receives an answerback that the electronic message is received;
- d) on the next business day, if received on a non-business day.

Article 29

Any party shall immediately notify the other party on all statutory and other changes related to their operations, including also the changes of the address, fax number or electronic messaging system details.

Article 30

The rights and obligations of the Buyer and the Seller herein shall not be transferable, and the Buyer or the Seller shall not transfer them to any third party.

Article 31

This Agreement shall enter into force on the date of its signing, and shall be valid for an indefinite period.

This Agreement may be terminated by consent of both parties, under conditions specified in the Agreement.

Article 32

By terminating the Agreement, payables of each party shall be calculated as on the Repurchase Date, and the date of termination of the Agreement is the Repurchase Date.

Article 33

In the case of bankruptcy, the provisions of the Law on Bankruptcy shall be applied.

Article 34

The Law on Obligations, Law on Securities and other positive regulations shall be applied to any issue that is not included in this Agreement.

Article 35

The parties shall resolve any dispute that arises from this Agreement amicably. If the attempt of amicable resolving fails, the court of jurisdiction shall be _____.

Article 36

This Agreement shall be concluded in 4 (four) identical copies, 2 (two) for each party of the Agreement.

Party

Party

Annex 1

CONFIRMATION no. _____

1. Party - Buyer

Name and address: _____

Bank account: _____

Securities account: _____

2. Party - Seller

Name and address: _____

Bank account: _____

Securities account: _____

3. Purchase Date: _____

4. Repurchase Date:

a) Date _____

b) on demand

5. Mark of the securities: _____

6. Nominal amount of securities: _____

7. Purchase Price: _____

8. Settlement amount on the Purchase Date: _____

9. Repurchase Price: _____

10. Settlement amount on the Repurchase Date: _____

11. Repo interest rate: _____ %

12. Margin Ratio:

a) Yes _____

b) No

13. Market for setting the market value in the determination of exposure:

a) Market: _____

b) The market price is equal to the Repurchase Price

In the case the Margin Ratio is determined by the parties referred to in item 12, they shall also fill in the item 13.

14. Term for transfer (payment) of the margin: _____ days

15. Minimum amount for margin request:

a) yes minimum amount: _____

b) no

16. Permitted margin form:

a) Cash Margin

b) Securities Margin

17. Agreed foreign exchange rate for Denar evaluation of foreign currency securities and securities with FX clause:

18. Default interest agreed pursuant to Article 23 of this Agreement:

_____ %

19. Other provisions:

20. The parties shall, by signing this Confirmation, be bound to execute this transaction in accordance with the provisions of the General Repo Agreement.

Date: _____
Party - Buyer

Date: _____
Party - Seller