General agreement on the 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 and the manner and the 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.

Article 2

The terms used in this agreement shall denote the following:

"Securities" for the purpose of this Agreement shall be all short-term securities and government bonds (other than bonds issued for payment of foreign currency deposits of citizens and denationalization bonds) issued in the Republic of Macedonia.

"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.

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

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

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

"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.

"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.

"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 (but 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.

"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.

"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.

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

"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.

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

"Confirmation" shall be an Annex to this Agreement by which the parties regulate their mutual relations in the agreed transaction.

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.

Each operation executed in accordance with paragraph 1 of this Article shall be considered "Transaction" for the purpose of this Agreement.

Article 4

Beside this Agreement, the parties shall also conclude annexes to the Agreement, in written or electronic form, thus closely determining the terms for concluding each particular transaction.

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In case of contradictions between the terms stated in any of the annexes and the Agreement, the annexes and the terms stated therein shall be deemed valid in the agreed transaction.

Article 5

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.

Article 6

The parties to this Agreement 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 7

During each transaction, the transfer of the purchased securities by the Seller and the transfer of the funds by the Buyer shall be made simultaneously (according to the "delivery versus payment" principle).

Article 8

In any transaction for transfer of securities pursuant to this Agreement, the right of ownership of the securities shall be transferred to the party to which the securities are being transferred.

Article 9

The party that sells the securities i.e. equivalent securities, 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) and that they are not subject to any lawsuit.

Article 10

All securities that are transferred pursuant to this Agreement, must be transferred to the depositaries which keep records of these securities.

Article 11

The transaction shall be deemed due:

a) in case of a fixed term transaction - on the set Repurchase Date;
b) in case of transaction upon demand - on the date set in the request for demand, i.e. if none of the parties send a request for demand on the last day of the allowed trade in these securities, but not longer than one calendar year after the Purchase Date.

Article 12

In case of a transaction on demand, the party that sends the request for demand shall report to the other party on the Repurchase Date, at least ________working days before the Repurchase Date.

Article 13

Should the parties make a mutual payment on any date, and based on any liability under this Agreement, 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 14

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

Article 15

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.

Article 16

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 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 multiplied by the nominal amount of the securities divided by 100 units.

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

Article 17

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 18

The party that is exposed in 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 by filed only if the exposure, i.e. the net exposure exceeds the agreed minimal amount.

Article 19

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 sha ll 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 20

When a liability arises in the light of Article 18 of this Agreement, the margin will be paid i.e. transferred within deadlines set by 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 in accordance with Article 27 of this Agreement. The interest shall be calculated on the Repurchase Date.

IV. SECURITIES YIELDS

Article 21

In case the yields 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 yield amount to the Seller on the date of payment of the yield.

Paragraph 1 of this Article shall apply only to coupon securities.

Article 22

Provided that the Buyer sells the purchased securities during the transaction, and the issuer pays the yield referred to in Article 21 of this Agreement, the Buyer shall be bound, on the day of payment of the yield, to pay to the Seller the amount equal to the yield the issuer paid.

V. EXCHANGE

Article 23

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 24

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

Article 25

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, rathe r than securities that are exchanged.

VI. EVENTS OF DEFAULT

Article 26

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 or intends not to perform any of its obligations arising from this Agreement and/or arising from any transaction that emanates from this Agreement;

Article 27

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

Article 28

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 29

If the Buyer fails to transfer the securities to the Seller on the Repurchase Date, and the Seller fails to pay the Repurchase Price to the Buyer, the amounts of the mutual liabilities (netting) shall be calculated on the Repurchase Date.

The party having a higher debt shall pay the calculated differential to the counterparty on the Repurchase Date.

VII. TRANSITIONAL AND CLOSING PROVISIONS

Article 30

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 31

Any party shall, in the case of changing its address, fax number or electronic messaging system details, immediately notify the other party.

Article 32

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 33

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 Law on Contract.

Article 34

By terminating the Agreement, all obligations of each party that emanate from this Agreement shall be determined as on the Repurchase Date, and the Repurchase Date is the date of termination of the Agreement.

Article 35

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

Article 36

The Law on Contracts shall be applied to any issue that is not included in this Agreement.

Article 37

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 41

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

Party	Party
___________________	__________________

CONFIRMATION - Annex to the General Repo Agreement

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. Interest agreed in accordance with Article 27 of this Agreement: ____%

18.Other provisions:
____

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

Date: _______________	Date: _______________
Party - Buyer	Party - Seller