

RULEBOOK
ON THE BASIC PROCEDURES, RULES AND METHODS FOR CARRYING OUT INSURANCE
SUPERVISION

GENERAL PROVISIONS

Article 1

- (1) This Rulebook prescribes the basic procedures, rules and methods for carrying out supervision over the insurance undertakings, insurance brokerage undertakings, insurance agencies and the banks carrying out insurance operations (hereinafter: undertakings) and regulates in further detail the competences of persons authorised by the Insurance Supervision Agency (hereinafter: Supervisors) to carry out the supervision by:
- Permanent off-field supervision over the undertakings' operations by way of controlling the reports and other documentation that are submitted by the undertakings to the Insurance Supervision Agency (hereinafter: the Agency) pursuant to the Law on Insurance Supervision, Law on Mandatory Traffic Insurance, the by-laws adopted thereafter and other pieces of legislation (hereinafter: the regulation);
 - Field (full or partial and additional) supervision over the undertakings' operations by way of directly controlling and inspecting the work in an undertaking, its business books and other business records;
 - Imposition of supervision measures;
 - Maintenance of contacts with members in the managing bodies of undertakings and of audit companies; and
 - Cooperation and data and information exchange with other supervisory bodies and other institutions, domestic and abroad.
- (2) The provisions of this Rulebook shall also apply when carrying out supervision over a branch office of an insurance undertaking from the Republic of North Macedonia in a member state or in a foreign country, direct insurance operations by an insurance undertaking from the Republic of North Macedonia in a member state, a branch office of an insurance undertaking from a European Union member state, a branch office of an insurance undertaking from a foreign country, as well as direct insurance operations by an insurance undertaking from a European Union member state.

¹ The Unofficial Consolidated Text of the Rulebook of the basic procedures, rules and methods for carrying out insurance supervision was drawn up based on the text of the Rulebook of the basic procedures, rules and methods for carrying out insurance supervision ("Official Gazette of the Republic of Macedonia no. 9/2014"), The Rulebook for amending and supplementing the Rulebook of the basic procedures, rules and methods for carrying out insurance supervision ("Official Gazette of the Republic of Macedonia no. 59/2017"), The Rulebook for amending and supplementing the Rulebook of the basic procedures, rules and methods for carrying out insurance supervision ("Official Gazette of the Republic of Macedonia no. 63/2021").

- (3) The provisions of this Rulebook shall apply also when carrying out supervision over:
- The National Insurance Bureau
 - Persons related to the undertakings;
 - Persons the undertakings have concluded contract for transfer of external activities;
 - Insurance agents and insurance brokers, and
 - Persons who carry out insurance operations, insurance brokerage operations and insurance agency operations without the licence from the Agency.
- (4) Supervisors, in accordance with this Rulebook, shall be the persons employed with the Agency who:
- Based on authorisation received from the president/member of the Council of Experts of the Agency carry out field supervision over the operations of the undertakings and other entities subject to supervision and
 - In the carrying out of their work assignments have been charged with the collection, control and analysis of reports and data that undertakings and other entities subject to supervision are required to submit to the Agency pursuant to the provisions of the regulation.
- (5) Supervisors, in accordance with this Rulebook, shall also be persons who are not employed with the Agency, but who have been authorised by special authorisation from the president/member of the Council of Experts of the Agency to carry out supervision over particular parts of the operations of the undertakings and other entities subject to supervision.

CONTENTS AND SCOPE OF SUPERVISION

Article 2

By way of carrying out the supervision over the undertakings, the Agency shall assess the security, stability, riskiness and compliance of the undertaking's operations with the regulations by:

- Assessing the capacity of the undertaking to manage the risks, including the organisational, technical and human resource availability to carry out the insurance operations;
- Assessing the risks management measures taken by the undertaking;
- Assessing the adequacy and appropriateness of the applied tariffs to premiums, set-aside technical provisions, assets covering the technical reserves, adequacy of the capital, adequacy of the reinsurance programme and reinsurance coverage and other risk management measures;
- Assessing the business policy and strategy of the undertaking;
- Controlling the organisation and manner of keeping the trading books, business and accounting documentation, from the aspect of their accuracy, updatedness and credibility in the application of accounting regulations and accounting standards and the drawing up of financial statements;

- Assessing the method of reception, processing, liquidation and payment of claims and the treatment of the insured and other insurance beneficiaries;
- Controlling whether the statements and data submitted by the Undertaking to the Agency have been submitted within the prescribed deadlines and whether these have been drawn up in compliance with the regulations regulating the Undertaking's operations;
- Assessing whether the Undertaking meets the requirements for insurance operations; insurance brokerage operations and operations agency insurance, and whether the Undertaking's operations are in compliance with the licence, internal acts of the Undertaking and the regulations adopted by the Agency and other competent institutions and bodies;
- Assessing the functioning of the system of internal audits, system of corporate management and system of management reporting;
- Assessing the selection of and the manner of carrying out audit by the audit company, as well as audit report on the operations and the annual financial statements of the Undertaking;
- Assessing the operations and efficiency of the Internal Audit Service;
- Assessing the application of standards on information security and business continuity plan.

PERMANENT OFF-FIELD SUPERVISION

Article 3

- (1) The permanent off-field supervision over the undertakings' operations shall be the system of procedures and processes based on the permanent monitoring of the Undertaking's operations and changes in the Undertaking's operations, by way of analysing the statements and information submitted by the Undertaking to the Agency pursuant to the Law on Insurance Supervision, the Law on Mandatory Traffic Insurance, by-laws adopted thereafter and other pieces of legislation.
- (2) Pursuant to the Law on Insurance Supervision, in addition to the statements and data referred to in Paragraph of this Article, the Supervisors shall be able to request from the Undertaking additional data, reports and statements by the Undertaking's employees.
- (3) Supervisors referred to in Article 1, Paragraph (4) of this Rulebook who carry out permanent off-field supervision over the undertakings' operations shall:
 - Determine whether the prescribed statements and data have been submitted within the defined deadlines, in a prescribed form and in a prescribed manner;
 - Determine whether the amount declared on the prescribed statements submitted to the Agency are logical and accurate;
 - Analyse the trends in the Undertaking's operations and assess its stability and security;
 - Design risk profiles and supervision strategies for the Undertaking in compliance with the internal acts of the Agency;
 - Draw up Minutes of the finding made on the incompliances in the Undertaking's operations;

- Carry out other assignments for the purposes of a continuous monitoring of the undertakings' operations from the aspect of compliance of the undertakings' operations with the regulations.

Article 4

- (1) If, while carrying out the permanent off-field supervision, inconsistencies with the regulation are found, the Supervisors shall write up a finding from the supervision in the form of Minutes of the off-field supervision carried out. In the Minutes, the finding regarding the non-compliance with the regulation is marked with MR.
- (2) If, while carrying out the permanent off-field supervision, weaknesses in the functioning of the internal controls of the company are found, the found weakness in the functioning of the internal control, in the Minutes of the off-field supervision carried out from paragraph (1) of this Article in the company, is marked with IC.
- (3) The Minutes referred to in Paragraph (1) of this Article shall be an official document that shall be drawn up based on the internal rules of the Agency.
- (4) If, up to the preparation of the Minutes of conducted off-site supervision, the company documented proves that certain inconsistencies detected during the conduct of the supervision have been exceeded and it is accepted by the supervisors, the non-compliance will be noted in the Minutes with the remark that the company undertook activities for overcoming the noncompliance for which it submitted appropriate supporting documentation. If, after the preparation of the Minutes of conducted off-site supervision, until the moment of its finalization, the company provides evidence of compliance with the non-compliance established in the Minutes and the same evidence is accepted by the supervisors, the company will be informed in writing.
- (5) The Undertaking shall be able to quote or otherwise cite the contents of the Minutes only upon prior written consent by the Agency.
- (6) With the exception of paragraph (5) of this Article, prior written consent from the Agency is not required for quoting or stating the contents of the Minutes for the purposes of legal audit of insurance companies
- (7) The Minutes referred to in Paragraph (1) of this Article shall be submitted to the members of the managing body of the Undertaking.
- (8) The members of the managing body of the undertaking are obliged to review the Minutes of the carried out off-field supervision and to submit to the Agency a copy of the Minutes of the session of the managing body, at which the same was reviewed.

Article 5

- (1) The Undertaking that had been subjected to supervision shall have the right to submit comments on the findings made in the Minutes. Enclosed with the comments, the Undertaking shall submit documented evidence supporting the comments. In addition to comments on certain findings stated in the minutes, the company may provide evidence that it has eliminated the illegalities ascertained in the Minutes.
- (2) The Undertaking shall submit its comments on the Minutes within a deadline set by the Agency, which shall not be shorter than 8 nor longer than 15 days.

- (3) As part of commenting the Minutes, the Undertaking shall be able to request from the Agency additional clarifications with reference to the grounds on which the Agency has made the findings of the Minutes.
- (4) Supervisors shall be required to submit a reply to the Undertaking about their comments, upon which the Minutes of the off-field supervision carried out shall be officially considered final.
- (5) If the Undertaking fails to submit its comments on the Minutes of the off-field supervision carried out within the deadline referred to in Paragraph (2) of this Article, it shall be considered that the Undertaking agrees with the findings made in the Minutes, upon which the Agency will officially submit a letter to the Undertaking informing that the Minutes of the off-field supervision carried out has been considered final.
- (6) With the exception of paragraph (5) of this Article, if, during the carrying out of the off-field supervision, non-compliances with the provisions of the regulation relating to the amount of the capital, the technical reserves, funds covering the capital or the technical reserves as well as limitations on the capital investment, that is, the investment of the funds covering the technical reserves, are found, the same are checked and confirmed through electronic communication with the undertaking after which the Minutes is drafted which become final on the day the Minutes are received by the undertaking.
- (7) In the cases referred to in paragraph (6) of this Article, an order/decision imposing a measure of supervision is also submitted to the undertaking, along with the Minutes of carried out off-field supervision.
- (8) With the final effectiveness of the Minutes, its copy shall be submitted to the supervisory body of the Undertaking with a request that it be considered by the members of the supervisory body at its first coming meeting, but not later than 30 days from the receipt of the reply from the Agency for finality to the Minutes.
- (9) The supervisory body of the company is obliged to inform the Agency in writing or electronically at the latest three days before the session on the place, the manner and the time of holding the session at which the Minutes from the conducted off-site supervision will be considered. The supervisors may attend the meeting of the supervisory body for reviewing the Minutes of conducted off-site supervision. The latest on the fifth day after the adoption of the Minutes from the meeting of the supervisory body to which the Minutes have been considered, the company is obliged to submit a copy of the same to the Agency.
- (10) The supervisory body is obliged to submit a copy of the Minutes of the carried out off-field supervision to the Internal Audit Service of the undertaking.
- (11) If the Minutes of the off-field supervision carried out contain findings referring to the operations of the audit company, an excerpt of the Minutes shall be submitted to the audit company.
- (12) The audit company referred to in Paragraph (11) of this Article shall have the right to comment on the excerpt of the Minutes within eight days. Enclosed with the comments, the audit company shall submit documented evidence supporting the comments.
- (13) As part of commenting the excerpt of the Minutes, the audit company shall be able to request from the Agency additional clarifications with reference to the grounds on which the Agency has made the findings of the Minutes.
- (14) The Supervisors shall be required to submit a reply to the audit company about their comments, upon which the excerpt of the Minutes shall be considered final.
- (15) In case the audit company fails to submit comments on the excerpt of the Minutes of the

off-field supervision carried out within the deadline of Paragraph (10) of this Article, it shall be considered that the audit company agrees with the findings made in the excerpt of the Minutes, upon which the Agency will officially submit a letter to the audit company informing that the excerpt of the Minutes of the off-field supervision carried out has been considered final.

- (16) The Agency shall inform the Institute of Certified Auditors and the Council of Audit Promotion and Supervision about the written correspondence referred to in Paragraphs (11), (12), (13), (14) and (15) of this Article with the audit company.

FIELD SUPERVISION

Article 6

- (1) The field supervision over the undertakings' operations shall be the system of procedures and processes that help determine the security, stability, riskiness and compliance of the Undertaking with the regulations, whereby internal rules and procedures adopted by the Agency shall be applied.
- (2) The field supervision referred to in Paragraph (1) of this Article shall be carried out by Supervisors.
- (3) The field supervision shall be carried out in accordance with a previously adopted Plan of Field Supervision approved by the Council of Experts of the Agency.
- (4) By way of derogation from Paragraph (3) of this Article, the field supervision shall also be carried out as required, in the following cases:
- If during the carrying out of the permanent off-field supervision over the undertakings' operations adverse trends are found in the Undertaking's operations, which may have negative impact on its security, stability and riskiness;
 - If it is necessary to determine the level of responsiveness of the Undertaking with reference to the taken supervision measures by the Agency; and
 - For the purposes of collecting, processing and analysing the data necessary for the Agency to perform its functions.
- (5) The Field Supervision Plan shall be defined based on the risk profiles and the supervision strategies defined within the framework of the implementation of the permanent off-field supervision of the undertaking's operations, that is, on the basis of a financial analysis of quantitative parameters (for solvency, liquidity, profitability and other quantitative parameters) as well as qualitative data for each undertaking (the opinion of the independent-external auditor, the reports of the internal audit, the opinion of the authorized actuary, the reinsurance programs and reinsurance statistics, the reports on the submitted and resolved objections to the undertaking based on claims, the reports on the submitted petitions to the Agency, expert assessment by the supervisors (sales channels, unusual trend of a certain position in the balance sheets, value reconciliation of claims, amount of commissions, etc.) The field supervisions previously carried out by the Agency are taken into account, that is, the frequency of field supervisions per supervised subject, as well as the seriousness of the findings and the measures arising from the same. The creation of the field supervision plan is influenced by the new regulatory framework, by the legislator and/or by the Agency.

Article 7

- (1) Before commencing the field supervision, the Agency shall submit to the Undertaking a resolution on authorisation of persons to carry out field supervision within a deadline not shorter than 15 days before the commencement of the field supervision.
- (2) By way of derogation from Paragraph (1) of this Article, the Agency shall submit a resolution on authorisation of persons to carry out a partial field supervision within a deadline not shorter than 8 days before the commencement of the field supervision.
- (3) By way of derogation from Paragraphs (1) and (2) of this Article, the Agency shall be able to submit the resolution on the authorisation of persons to carry out field supervision on the spot before the very commencement of the field supervision in case it had otherwise been impossible to accomplish the objectives of the field supervision.
- (4) The resolution on the authorisation of persons to carry out field supervision referred to in Paragraph (1) and (2) of this Article shall include information about the subject of the supervision, the supervisor authorised to coordinate the supervision team, and the members of the supervision team carrying out the field supervision.
- (5) Along with the resolution on the authorisation of persons to carry out the field supervision, the Agency shall submit to the Undertaking a notice detailing the data and information that the Undertaking shall have to submit to the Agency before the commencement of the field supervision and the data and information that the Undertaking shall have to prepare by the day of commencement of the field supervision.
- (6) The data and information that the Undertaking shall have to submit to the Agency before the commencement of the field supervision pursuant to Paragraph (5) of this Article shall be submitted within a deadline not shorter than 8 nor longer than 15 days from the reception of the resolution on the authorisation of persons referred to in Paragraph (1) of this Article.
- (7) The data and information that the Undertaking shall have to submit to the Agency pursuant to Paragraph (5) of this Article shall have to be complete, accurate and final and the Undertaking shall not be able to modify them in the course of the field supervision.

Article 8

The Undertaking shall be required in compliance with its security procedures to provide access to the Supervisors to all premises, to provide all the available documentation for inspection, including the data stored electronically, and also to provide the complete documentation as may be requested by the Supervisors, including the written statements given by the members of the managing bodies and other persons holding special rights and authorisation, with clarification of such issues that bear significance for determining the security, stability and riskiness of the Undertaking and the compliance of the Undertaking with the regulations.

Article 9

- (1) If during the carrying out of the field supervision such need is identified as to expand the subject of the supervision, in compliance with the internal rules and procedures for operation of the Agency, the president/member of the Council of Experts of the Agency shall amend the authorisation for carrying out the supervision.
- (2) If the requested data and information necessary for carrying out the supervision have not been prepared on the day of commencement of the field supervision, or if the data and

information that were requested to be submitted to the Agency before the commencement of the supervision have not been submitted within the set deadline, the Agency shall terminate the supervision with a solution with a finding.

- (3) The field supervision shall be terminated also when it is carried out under hard circumstances due to unorganised records, lack of or failure to submit the documentation, uncooperativeness of the Undertaking's bodies or if the carrying out of the supervision has been otherwise obstructed.

Article 10

- (1) After the conducted on-site supervision, the supervisors compile a Minutes of conducted on-site supervision. If, until the preparation of the Minutes of the conducted on-site supervision, the company documented proves that certain inconsistencies detected during the conduct of the supervision have been exceeded and it is accepted by the supervisors, the non-compliance will be noted in the Minutes with the remark that the company undertook activities for overcoming the non-compliance for which it submitted appropriate supporting documentation. If, after the preparation of the Minutes from conducted on-site supervision, and until the moment of its finalization, the company provides evidence of compliance with the non-compliance established in the Minutes and the same evidence is accepted by the supervisors, the company will be informed in writing. In the minutes, the finding regarding the non-compliance with the regulation is marked with MR.
- (2) If, during the carrying out of the permanent off-field supervision, weaknesses in the functioning of the internal controls in the undertaking are found, in the Minutes of the conducted off-field supervision referred to in paragraph (1) of this Article, the identified weakness in the functioning of the internal controls in the undertaking is marked with IC.
- (3) By way of derogation from Paragraph (1) of this Article, the Supervisors shall draw up Minutes of the field supervision carried out pursuant to Article 6, Paragraph (4) of this Rulebook that shall not be submitted to the Undertaking.
- (4) The Minutes referred to in Paragraph (1) of this Article shall be an official document that shall be drawn up based on the internal rules and procedures of the Agency.
- (5) The Minutes referred to in Paragraph (1) of this Article shall include information, data and observations of the Supervisors on the way the Undertaking manages its risks and on the compliance of the Undertaking's operations with the regulations.
- (6) The Undertaking shall be able to quote or otherwise cite the contents of the Minutes only upon prior written approval from the Agency for the purposes of carrying out audit of the annual financial statements of the Undertaking, for an in-depth analysis of the Undertaking and in other cases stipulated by law.
- (7) With the exception of paragraph (6) of this Article, prior written consent from the Agency is not required for quoting or citing the contents of the Minutes for the purposes of legal audit of insurance companies.
- (8) The Minutes referred to in Paragraph (1) of this Article shall be submitted to the members of the managing body of the Undertaking.
- (9) The members of the managing body of the Undertaking shall be required to consider the Minutes of the conducted field supervision and to deliver to the Agency a copy of the Minutes of the session of the managing body, at which the same was reviewed.

Article 11

- (1) The company that was subject to supervision has the right to submit remarks regarding the findings stated in the Minutes. To the remarks, the company should submit documentary evidence to substantiate the remarks. In addition to remarks on certain findings ascertained in the minutes, the company may provide evidence that it has eliminated the irregularities ascertained in the Minutes.
- (2) The Undertaking shall submit its comments on the Minutes within a deadline set by the Agency, which shall not be shorter than 8 nor longer than 15 days.
- (3) As part of commenting the Minutes with reference to particular findings of the Minutes, the Undertaking shall be able to request from the Agency additional clarifications with reference to the grounds on which the Agency has made the findings of the Minutes.
- (4) Supervisors shall be required to submit a reply to the Undertaking about their comments, upon which the field supervision shall be officially considered completed and Minutes shall be officially considered final.
- (5) In case the Undertaking fails to submit its comments on the Minutes of the field supervision carried out within the deadline referred to in Paragraph (2) of this Article, it shall be considered that the Undertaking agrees with the findings made in the Minutes, upon which the Agency shall officially submit a letter to the Undertaking informing that the Minutes of the field supervision carried out has been considered final.
- (6) With the exception of paragraph (5) of this Article, if the supervisors, during the carrying out of the field supervision, find a non-compliance with the provisions of the regulation that refer to the amount of capital or the amount of funds for covering the technical reserves, that is, a violation of the investment limits of capital or for the investments of funds covering the technical reserves in accordance with the Law on Insurance Supervision, the supervisors immediately prepare a report for the undertaking following previous electronic confirmation of the ascertained non-compliances by the undertaking. The Minutes become final from the day the same is received by the undertaking. The field supervision will continue in the remaining part subject to supervision and for it there will be a regular procedure for submitting the Minutes.
- (7) In the cases determined in paragraph (6) of this Article, with the submission of the Minutes of the carried out field supervision, an order/decision imposing a supervision measure is also submitted to the undertaking.
- (8) With the final effectiveness of the Minutes, its copy shall be submitted to the supervisory body of the Undertaking with a request that it be considered by the members of the supervisory body at its first coming meeting, but not later than 30 days from the receipt of the reply from the Agency for finality of the Minutes.
- (9) The supervisory body of the company is obliged to inform the Agency in writing or electronically at the latest three days before the session on the place, the manner and the time of holding the session at which the Minutes from the conducted on-site supervision will be considered. Supervisors may attend a meeting of the supervisory body to review the Minutes of the conducted on-site supervision. The latest on the fifth day after the adoption of the minutes from the meeting of the supervisory body to which the Minutes are reviewed, the company is obliged to submit a copy of the same to the Agency.
- (10) The supervisory body shall be obliged to submit a copy of the Minutes of the carried out field supervision to the Internal Audit Service of the undertaking.

- (11) If the Minutes of the field supervision carried out contain findings referring to the operations of the audit company, an excerpt of the Minutes shall be submitted to the audit company.
- (12) The excerpt of the Minutes referred to in Paragraph (11) of this Article shall be submitted to the audit company at the same time when the Minutes of the field supervision carried out shall be submitted to the members of the Undertaking's managing body.
- (13) The audit company referred to in Paragraph (11) of this Article shall have the right to comment on the excerpt of the Minutes within 8 days. Enclosed with the comments, the audit company shall submit documented evidence supporting the comments.
- (14) As part of commenting the excerpt of the Minutes, the audit company shall be able to request from the Agency additional clarifications with reference to the grounds on which the Agency has made the findings of the Minutes.
- (15) The Supervisors shall be required to submit a reply to the audit company about their comments, upon which the excerpt of the Minutes shall be considered final.
- (16) If the audit company fails to submit comments on the excerpt of the Minutes of the field supervision carried out within the deadline referred to in Paragraph (13) of this Article, it shall be considered that the audit company agrees with the findings made in the Minutes, upon which the Agency shall officially send a letter to the audit company informing that the excerpt of the Minutes of the field supervision carried out has been considered final.
- (17) The Agency shall inform the Institute of Certified Auditors and the Council of Audit Promotion and Supervision about the written correspondence referred to in Paragraphs (11), (12), (13), (14), (15) and (16) of this Article with the audit company.

SUPERVISION MEASURES

Article 12

If, during the carrying out of the supervision, it is determined that the company does not comply with the provisions of the regulation (hereinafter: determined incompliances and/or irregularities), the Agency may impose the following supervision measures:

1. An order to eliminate the illegality;
2. Determination of additional supervision measures;
3. Revocation of the license;
4. Introduction of a separate administration;
5. Conduct of liquidation of the company and
6. Submitting a proposal for opening a bankruptcy procedure of the company.

(2) Besides the measures determined in paragraph (1) of this Article, the Agency may instruct the company to undertake other measures for the purpose of improving the company's operations and strengthening the system of internal controls in the company.

(3) The Agency determines the supervisory measures that are most appropriate for achieving the regulatory objectives, taking into account the nature, weight and frequency of the identified illegalities and/or irregularities.

- (4) The Agency may determine one or more supervisory measures.
- (5) The supervision measures determined in paragraph (1) of this Article shall be made in the form of a Decision and/or Order (hereinafter: Agency Act).
- (6) If by the date of adoption of the act by the Agency with which it imposes a supervisory measure the company eliminates the illegality for which according to the regulation a measure from paragraph (1) item 1) of this Article is foreseen, the Agency shall not pronounce a supervisory measure to the company.
- (7) For the incompliances for which, according to the regulation, a misdemeanor sanction is projected, before the initiation of the misdemeanor procedure, an authorized official in the Agency of the company - perpetrator of the offense, shall make a proposal for settlement by issuing a misdemeanor payment order.
- (8) The settlement procedure shall be carried out in accordance with the provisions of the Law on Insurance Supervision, the Law on Compulsory Traffic Insurance and the Law on Misdemeanors.
- (9) For the insurance brokerage companies and insurance agencies, as well as for the persons referred to in Article 1 paragraph (3), the Agency can only impose the supervision measures under items 1), 2) and 3) of paragraph (1) of this Article.

Article 13

- (1) The Undertaking shall be required within the deadline set in the act of the Agency to eliminate the identified incompliances and/or irregularities and to submit a report to the Agency on the elimination of such incompliances and/or irregularities.
- (2) The Report shall include clarification of the taken measures and shall be accompanied by evidence documentation that the identified incompliances and/or irregularities have been eliminated.
- (3) In case the Agency finds certain incompliances in the keeping of the accounting, administrative or other business records, it shall impose on the Undertaking to accompany the Report on the elimination of the incompliances and/or irregularities with a positive opinion by a certified auditor that the incompliances and/or irregularities have been eliminated.
- (4) Based on the Report on the elimination of the incompliances/irregularities, the Agency shall be able to carry out additional supervision over the Undertaking's operations in a volume necessary to determine whether the identified incompliances and/or irregularities have been eliminated.
- (5) If, based on the Report on the elimination of incompliances/irregularities referred to in paragraph (1) and/or the additional supervision carried out as referred to in paragraph (4) of this Article, it is determined that the company has removed the established incompliances and/or irregularities, the Agency shall inform the supervised subject that the supervisory procedure is being closed.
- (6) If based on the Report on the elimination of the incompliances/irregularities referred to in Paragraph (1) and/or the additional supervision carried out as referred to in Paragraph (4) of this Article it is found that the Undertaking has not eliminated the identified

incompliances and/or irregularities, the Agency shall take other measures pursuant to the law.

Article 14

- (1) The Undertaking shall have the right to lodge an objection against the Order for elimination of the incompliances within 8 days from the submission of the Order.
- (2) If the objection is lodged within the deadline referred to in Paragraph (1) of this Article, the final deadline for the elimination of the incompliances set in the Order shall be prolonged for the time period from the submission of the objection to the adoption of the resolution with reference to it.
- (3) By way of derogation of Paragraph (2) of this Article, in cases when the nature of the incompliances is such that that execution of the Order cannot be prolonged, the Agency may stipulate within the Order that the objection shall not prolong the execution of the order.
- (4) The Agency shall decide on the objection referred to in Paragraph (1) of this Article by ay of adopting a resolution within 15 days from the day of reception of the objection, upon which the Order shall become final.
- (5) By way of resolution referred to in Paragraph (4) of this Article, the Agency may reject or accept the objection, amend the Order or revoke the Order.
- (6) The company can initiate an administrative dispute against the Decision referred to in paragraph (4) and the Decision for an additional supervisory measure before a competent court.

MAINTENANCE OF CONTACTS WITH MEMBERS IN THE MANAGING BODIES OF UNDERTAKINGS, THE INTERNAL AUDIT SERVICE AND THE AUDIT COMPANIES

Article 15

- (1) The Supervisors referred to in Article 1, Paragraph (4) of this Rulebook, before the commencement of the field supervision, can hold a work meeting with the Internal Audit Service and with the audit company selected by the Undertaking.
- (2) The findings from the activities of the Internal Audit Service and the audit company shall be discussed at this meeting.
- (3) The Supervisors referred to in Article 1, Paragraph (4) of this Rulebook, as required, can hold work meetings with the members of the managing body, members of the supervisory body, the certified auditor of the Undertaking and the audit company selected by the Undertaking.
- (4) Data and information shall be discussed and exchanged at these meetings regarding the Undertaking's operations that should help the Supervisors get a closer insight into the Undertaking's operations, corporate management, operational risks, risk management, modifications in the Undertaking's policy and strategy and the Undertaking's security and stability.

COOPERATION AND INFORMATION EXCHANGE WITH OTHER SUPERVISORY BODIES

Article 16

The Supervisors referred to in Article 1, Paragraph (4) of this Rulebook, when carrying out the supervision over the Undertaking, as required, shall cooperate and exchange data and information with other supervisory bodies and other institutions in the Republic of North Macedonia and abroad.

FINAL PROVISIONS

Article 17

This Rulebook shall enter into force on the day of its promulgation in the Official Gazette of the Republic of Macedonia.

**President of the Council of Experts,
Krste Shajnoski**