

In accordance with Article 164, paragraph 5 of the Securities Market Law (Official Gazette of Republic of Srpska, No 92/06, 34/09, 30/12 and 59/13), Article 2 of the Regulation on Requirements, Procedure of Issue, and Elements of the Primary Market of Treasury Bills (Official Gazette of Republic of Srpska, No 25/11), and Article 30, paragraph 1, item k) of the Banja Luka Stock Exchange Statute (Official Gazette of Republic of Srpska, 20/02, 7/04, 84/06, 41/07 and 109/11), the Banja Luka Stock Exchange Management Board at its 42nd session held on 4.10.2013, adopted the following

Money Market Rules

(for information purposes only, not legally binding)

1. General provisions

Scope of the Rules

Article 1

The Money Market Rules (hereinafter: Rules) shall regulate:

- market participants,
- instruments traded on the market,
- trading systems,
- settlement of the transactions,
- settlement of disputes between the participants.

Definition of terms

Article 2

The terms used in the Rules shall have the following meaning:

- the term **Exchange** means the Banja Luka Stock Exchange Inc;
- the term **Market** refers to the money market organized by the Exchange;
- the term **Register** refers to the Central Registry of Securities Banja Luka;
- the term **BST** refers to a trading system for securities listed on the Exchange;
- the term **STN** refers to a system which is used for executing transaction with the money market instruments;
- the term **Exchange Rules** refers to the rules that regulate Exchange membership, securities listing, trading methods and surveillance of the Exchange members.

2. Participants

Article 3

- (1) Market participants may be:
 - The Central Bank of Bosnia and Herzegovina,
 - Bosnia and Herzegovina Ministry of Finance,
 - Republic of Srpska Ministry of Finance,
 - Federation of BiH Ministry of Finance,
 - Directorate of Finance in Brcko District,
 - Investment–development Bank of Republic of Srpska,
 - Pension Reserve Fund of Republic of Srpska Management Company Banja Luka,
 - bank with a banking license to operate in Bosnia and Herzegovina,
 - microfinance company with a microfinance license to operate in Bosnia and Herzegovina,
 - insurance company with a license to operate in Bosnia and Herzegovina,
 - investment fund and/or pension fund management company with a license to operate in Bosnia and Herzegovina,
 - stock exchange intermediary (brokerage house),
 - other financial institutions in accordance with the rules governing their operations.
- (2) A market participant trades on its own name and for its account or for the accounts of the funds it manages.
- (3) Stock exchange intermediaries (brokerage houses) may trade on their own name and for their own account or for the clients' accounts. The client's instruction content shall be defined by the Money Market Trading Instructions (hereinafter: Instructions).
- (4) A participant starts admission procedure by submitting the request.
- (5) The Exchange shall sign a contract with a participant that shall regulate rights and obligations.
- (6) The contract from the previous paragraph may limit participant's access to particular Market instruments.
- (7) A participant shall submit its financial statements to the Exchange that shall be published at the web pages of the Market.
- (8) A participant is obliged to comply with the provisions of these Rules and Instructions.

3. Money market instruments

Article 4

- (1) Money market instruments are :
 - deposits (convertible mark and foreign currencies),
 - short-term securities,
 - REPO agreements,
 - foreign currencies (currency pairs),
 - other money market instruments.

- (2) The Exchange creates special symbol for each type of the instrument according to the Instructions.
- (3) The start of trading with a single instrument shall be defined by the general manager decision.

4. Trading systems

Systems used

Article 5

The Market instruments shall be traded on the following systems:

- BST, for trading with short-term securities in accordance with the Exchange Rules,
- STN, for executing trades with deposits, short-term securities, REPO agreements, foreign currencies and other Market instruments, through direct participants' negotiation.

Article 6

- (1) A participant shall access the BST and STN through personal account in the Exchange registration system and digital certificate.
- (2) The use of personal account in the registration system and digital certificate shall be allowed only to the authorized person of the participant and for any abuse the authorized person and participant shall be responsible.

Exchange trading system (BST)

Article 7

The BST shall be used for:

- organizing public offering of short-term securities in accordance with the regulation on issuing short-term securities of Republic of Srpska and the provisions of the Exchange Rules that apply to the public offerings,
- secondary trading with short-term securities in accordance with the provisions of the Exchange Rules that apply to the continuous trading method.

Money market trading system (STN)

Article 8

- (1) The STN is an electronic information system that enables entry, change, cancelation, halting and releasing orders, execution, correction and settlement of trades and view of trading reports and statistics.
- (2) The STN is used for:
 - deposits trading,
 - secondary trading with short-term securities,
 - execution of REPO agreements,
 - trading with foreign currencies and

- trading with other Market instruments.
- (3) Trades are executed through bilateral negotiations between Market participants.
 - (4) Offer may be directed to a particular participant (determined offer) or to all participants (general offer).
 - (5) Determined offer is visible to a single participant or participants that are entered in the offer.
 - (6) General offer is visible to all Market participants.
 - (7) Offers are entered into the STN through entry form or by selecting active offer on the Market.
 - (8) Offers entry, execution, changes and cancelation of trades are regulated in more detail in the Instructions.

Article 9

- (1) A trade is executed when participants agree on all conditions through negotiation process in the STN.
- (2) Participants may execute spot and future trades with Market instruments.
- (3) Spot trades are trades that are settled on the trade date (T+0).
- (4) Future trades are trades where the settlement is in the future on T + n (n <366) according to the terms agreed between market participants on the trading date.
- (5) The STN automatically generates contract and delivers it to the trade parties.
- (6) The Exchange shall specify mandatory contract elements for different transactions in the Instructions.

Trading schedule

Article 10

- (1) The Market working hours are from 8.00 to 16.00 each day except Saturdays, Sundays and holidays.
- (2) The list of non-working days is published at the Market web pages.
- (3) The Exchange shall adopt decision on trading schedules for deposits, foreign currencies, short-term securities and REPO agreements.
- (4) Trading with short-term securities shall start the following day after the report on the registration is received.
- (5) Short-term securities shall be delisted from the Market one day before their maturity.

5. Deposits trading

Offers entry

Article 11

Mandatory elements of the offer are:

- currency symbol (BAM or FX symbol),
- offer type (bid or ask),
- settlement date,
- repayment date,
- deposit value,
- annual interest rate.

Article 12

Only participants that are authorized to hold deposits in Bosnia and Herzegovina (banks and microfinance companies) may receive deposits in the STN.

Deposits symbols

Article 13

- (1) The STN assigns to the offer a symbol in accordance with the data entered.
- (2) A deposit symbol consists of international currency code and abbreviations that stands for the term of deposit.

Terms of deposits

Article 14

- (1) Standard terms of deposits are:
 - overnight (O/N) – funds are paid into the account of the borrower on the transaction date, while funds shall be returned on the next business day,
 - TOM/NEXT (TND) - funds are paid into the account of the borrower on the next business day after the date of transaction, while the funds shall be returned on the following business day,
 - SPOT/NEXT (SND) - funds are paid into the account of the borrower on the second business day after the date of transaction, while the funds shall be returned on the following business day,
 - short-term (STD) - repayment period 2-6 days,
 - week (1WD) - repayment period is 7 days,
 - two-weeks (2WD) - repayment period 8-14 days,
 - three-weeks (3WD) - repayment period 15-21 days,
 - month (1MD) - repayment period from 22 days to 1 month,
 - three months (3MD) - repayment period 1-3 months,
 - six months (6MD) - repayment period 3-6 months,
 - nine months (9MD) - repayment period 6-9 months,

- year (1YD) - repayment period 9 months to 365 days,
 - other (OTH).
- (2) Deposits can be in convertible marks (BAM) and foreign currencies.
 - (3) If lending is in a foreign currency then the offer should be filled in with the international code of that foreign currency.

Trade execution

Article 15

- (1) Trades with deposits shall be executed when participants agree on all transaction terms.
- (2) If both contractual parties agree, trade can be canceled two hours after it has been executed but not later than 15.45.
- (3) Trade cancellation procedure shall be defined in more detail in the Instructions.

Interest calculation

Article 16

Interest on the deposits shall be calculated using the following formula:

$$Interest = \frac{Deposit\ Value \cdot Annual\ Interest\ Rate \cdot Number\ of\ Days}{360}$$

Deposit repayment

Article 17

- (1) A borrower is required to pay to the lender accrued interest along with the principal on agreed date.
- (2) In the event that the borrower fails to return the funds to the lender on the agreed date, the lender has the right to charge the borrower a legal penalty interest rate.
- (3) The lender is obliged to notify the borrower promptly on borrower's delays or failing to meet the obligations from the trade.
- (4) The lender is obliged to notify the Exchange promptly on borrower's failing to pay the obligations from the trade.

Collaterals

Article 18

- (1) Participants that take deposits may safe deposit a signed blank bill of exchange at the Exchange.
- (2) Information on whether the participant is deposited the bill of exchange from the previous paragraph at the Exchange is available to other Market participants.

- (3) If one party fails to fulfill its contractual obligations under the executed trade the other party may request the bill of exchange from the Exchange.
- (4) Prior to the submission of the bill of exchange to the lender, the Exchange shall require from the counterparty to immediately, but no later than the end of the next business day, submit proof that it had fulfilled its contractual obligations arising from the trade.
- (5) If the counterparty fails to submit evidence that it has fulfilled the trade obligations, the Exchange shall deliver bill of the exchange filled in with the amount corresponding to the terms of the trade to the contractual party that asked for the bill of exchange.

Article 19

The Exchange publishes the benchmark interest rates for standard deposits terms in accordance with the Instructions.

6. Trading short-term securities in the STN

Offers entry

Article 20

- (1) Elements of the short-term securities offer are:
 - offer type (bid or ask),
 - symbol of securities,
 - settlement date,
 - quantity,
 - price.
- (2) Security price shall be quoted as percentage of the nominal (par) value.
- (3) Price step is 0.0001 percentage point.

Article 21

The seller must have securities at the account held with the Register on the settlement day.

Submission of the contract confirmations

Article 22

- (1) The Exchange submits contract confirmations to the authorized emails and through the STN.
- (2) The contract confirmation generated in the STN represents an authentic document which confirms the conclusion of the sales contract with the securities by Market participants.

- (3) The Exchange forwards the data on trades to the Register in real-time during the trading hours and informs Market participants on the trades that cannot be executed (settled).

Changes and cancelation of trades

Article 23

- (1) Trades can be changed or cancelled within 30 minutes from the trade execution with the consent of parties, or within 15 minutes for trades executed in the period of 15 minutes before the end of trading.
- (2) The Exchange submits to the Register preliminary report of all trades for that trading day after the end of trading and the expiration of the period for changes and cancelation of trades.
- (3) The trades that are not verified by the Registry since the seller does not have securities shall be canceled and the parties shall be informed on that until 12.30.

Trades settlement

Article 24

- (1) Contractual parties are obliged to settle all obligations in accordance with the terms of the trade.
- (2) Payments on the basis of trades are done bilaterally in the period from 12.30 to 13.00 on T +0, or on the agreed date for the future trades and REPO agreements.
- (3) Buyers shall pay clean price and accrued interest in accordance with the calculation report which is the part of the contract confirmation.
- (4) Sellers must confirm that they received the money until 13.45 by entering confirmation through the STN or by faxing sealed payment confirmation to the Exchange.
- (5) Market participant who made the payment for purchased securities and for which the seller has not confirmed receipt of payments, may submit to the Exchange a deposit slip with a request to establish the facts. If it is indisputably established that the buyer has paid the funds to the seller, the Exchange confirms the trade and includes it in the report that is submitted to the Register.
- (6) If the facts cannot be indisputably established on the basis of available date before the expiration of the deadline for payment confirmation, such trade shall not be included in the trading report that is sent to the Register.
- (7) Trades that are not paid shall be canceled at the end of a trading day.

Ownership transfer

Article 25

- (1) The report on all executed and paid trades shall be submitted to the Register until 14.00.
- (2) The transfer of ownership of securities shall be done on the basis of the report from the previous paragraph on T +0 in accordance with the regulations of the Register.

Official prices of securities

Article 26

- (1) The official price is an average price of all spot trades executed with a single security during the trading day.
- (2) The prices in future trades and REPO agreements shall not be considered when calculating the official price of a security.

7. REPO agreements

Legal nature of REPO agreements

Article 27

- (1) In a REPO agreement the trade is executed in which the seller agrees to sell securities to the buyer, and the buyer to pay the seller the purchase price, and at the same time the trade in which the buyer agrees to sell these securities to the seller at a specific date in the future, and the seller to pay the repurchase price to buyer.
- (2) Period between purchase and repurchase dates cannot be longer than 365 days.
- (3) REPO agreement can be with:
 - debt securities and
 - shares listed on the Official Market of the Exchange.
- (4) The STN registers REPO agreement as two separate transactions: purchase and repurchase transaction.
- (5) The seller in REPO agreement must have securities at account with the Register on the purchase date.
- (6) The buyer in REPO agreement must have securities at the account with Register on the repurchase date.

Article 28

- (1) Participants may enter into general bilateral REPO agreement which shall regulate rights and obligations from the REPO agreement in more detail.
- (2) In the case from the previous paragraph the contract confirmation that is executed on the Market shall be deemed as the annex to the bilateral REPO agreement.
- (3) If the provisions of the general bilateral REPO agreements are in conflict with the provisions of these Rules, the provisions of these Rules shall prevail.

REPO agreement types

Article 29

- (1) With respect to the type of securities it is possible to execute the following REPO agreements:
- government debt securities (RPG),
 - municipal bonds (RPM),
 - corporate debt securities (RPC),
 - close-end investment fund shares (RPF),
 - companies shares listed on the Official Market of the Exchange (RPE).
- (2) The REPO agreement symbol consists of code from the previous paragraph and abbreviation which is assigned according to the standard terms stipulated in the Article 14 of these Rules.

Offers entry

Article 30

The REPOs offer elements are:

- REPO type (bid or ask),
- purchase date,
- security symbol,
- purchase price,
- quantity of securities,
- repurchase date,
- REPO rate which is used for calculation of repurchase price (price differential),
- collateral (haircut) rate.

Execution and settlement of REPO agreements

Article 31

- (1) After the parties execute transaction, the STN generates contract confirmation and sends it to the both contractual parties.
- (2) Contract confirmation consist of:
- name of the buyer or seller,
 - names of the authorized persons of the buyers or sellers,
 - bank accounts that will be used for payment,
 - symbol and ISIN of securities,
 - transaction date,
 - purchase date,
 - purchase price,
 - quantity of securities,
 - repurchase date,
 - REPO rate that will be used for the calculation of the repurchase price,
 - price differential (REPO interest),
 - repurchase price,
 - collateral rate (haircut),

- in the case of transaction where a party enters into it as a intermediary, the name of the party that acts as an intermediary and name or the identifier of the person for whose account the transaction is executed,
 - other additional conditions related to the transaction.
- (3) The objection to the contract confirmation shall be given to the other party immediately and without delay by fax or in electronic form. Otherwise, it will be considered that the content of the contract confirmation is matching previously agreed terms of the transaction.
 - (4) The contractual party that makes complaint on the contract confirmation is obliged to submit to the Exchange the same complaint immediately.
 - (5) In the event of any conflict between the terms of the contract confirmation, unless the objection has been made to it, and the provisions of the bilateral REPO agreement, the contract confirmation and its terms shall prevail.
 - (6) On the purchase date, seller shall transfer purchased securities to buyer and buyer shall pay purchase price to seller for these securities on the same date.
 - (7) On the repurchase date, buyer shall transfer securities to seller or its intermediary and seller shall pay repurchase price to buyer for these securities on the same date.
 - (8) Termination of a transaction will be effected on repurchase date.

Income payments

Article 32

- (1) Buyer in the REPO agreement shall immediately transfer to seller all incomes that he had received from the issuer of the securities in gross amount.
- (2) Incomes from securities are payment of principal (par) value, interests, dividends and other payments.

Margin maintenance

Article 33

- (1) If parties agreed to manage exposure through the margin maintenance, all margin transfers of securities shall be made by an order of the Exchange to the Register on the basis of instructions given by a party that has an obligation to make a margin transfer.
- (2) Margin transfer is any payment or repayment or any combination of payment or repayment of cash margin and transfer of margin securities or equivalent margin securities, which is related to compensation of the net exposure of one party in respect to other party in accordance with provisions of the bilateral agreement.
- (3) The net exposure from the transaction at any moment from the purchase to repurchase date is difference between:
 - a) repurchase price multiplied by margin ratio and
 - b) market value of (equivalent) securities at that moment.

If a) is larger than b), it shall be considered that there is a transaction exposure of the buyer in the amount of the difference. If b) is larger than a), it shall be considered that there is a transaction exposure of the seller in the amount of the difference.

- (4) Margin ratio represents the relationship between the market value of securities and the purchase price of securities on the date the transaction is executed. It is used to calculate exposure between parties, with respect to any individual transaction.
- (5) Net exposures management through the margin maintenance is regulated in more detail in the Instructions.

Article 34

- (1) The provisions of the Articles 22-25 shall be applied on the execution and settlement of REPO agreements.
- (2) The Exchange publishes reference REPO rates in accordance with the Instructions.

Events of default

Article 35

- (1) It shall be considered that the event of default (breach of contract) occurred by the buyer or seller of securities:
 - if buyer fails to pay to seller the purchase price, or if seller fails to pay the repurchase price on the repurchase date, and if after that contractual party that has not breached the contract delivers written notice about contract breach to the party that has violated contractual provisions,
 - if seller fails to deliver to buyer purchased securities on the purchase date or if the buyer fails to deliver the same securities to the seller on the repurchase date, and if after that contractual party that has not breached the contract terms deliver written notice about contact breach to the counterparty that has violated contractual provisions,
 - if buyer does not comply with the provisions of Article 32 of the Rules and, if a party that has not breached contractual provisions deliver written notice on contract breach to a party that has violated contractual provisions,
 - if it is against buyer or seller filed a petition to open bankruptcy or liquidation proceedings and/or the previous procedure to open bankruptcy proceedings, or if there is a special appointment of the bank management by the regulator or the court, and if a party that has not breached contractual provisions deliver written notice of contract breach to the party that violated contractual provisions (except in cases when the bankruptcy or liquidation proceedings had already been opened when written notice on the violation of the contract is not necessary but the fact that the bankruptcy or liquidation proceedings has been opened is considered as a breach of contract),
 - if buyer or seller admits to other party in writing statement that is unable to or intends not to fulfill any of its obligations in accordance with any transaction, or if it is undisputedly determined that one party is not able to pay, and if a party that has not violated the contractual provisions deliver written notice on contract breach to the party that has violated contractual provisions,

- if buyer or seller is suspended or excluded from membership in the Money Market or is suspended from securities trading by the regulator and/or if the assets of third parties - investors, which is held in buyer or seller custody account, or are given to buyer or the seller for management by decision of a competent national authority, commission, agency or supervisory body is transferred to the other party or the decision was made to securities held in custody and/or assets given for management transmit to a trustee, custodian bank or a third person in accordance with the regulations, and if a party who did not breach contractual provisions submit a written notice on contract breach to the party that has violated contractual provisions,
 - if buyer or seller violates any other provision of the bilateral framework agreement, if the parties signed the bilateral agreement, and the same obligation does not fulfill in the additional period of 30 days after receipt of a counterparty written request for subsequent fulfillment of the obligations, and if a party that has not violated contractual provisions submit a written notice on contract breach to the party that has violated contractual provisions.
- (2) In the cases of contract breaches from the preceding paragraph of this Article, the provisions of Article 36 shall be applied.

Article 36

- (1) It shall be deemed that for all outstanding transactions between the parties at the time of occurrence of the violation of contractual provisions occurred repurchase date, and that all outstanding transactions are terminated, and that all transactions executed between the parties ceased in terms of the law regulating bankruptcy proceedings on that date.
- (2) In a case of contract violation the market value of securities on the new repurchase date or maturity date is calculated and determined by a party that did not violate the contract.
- (3) The contractual parties do not deliver securities, but their market value is deducted from the mutual financial claims made on the basis of repurchase agreements, after which it is considered that the offsetting results in net difference which is due on the first business day after the violation of REPO agreement occurred.
- (4) A contractual party that has not violated the provisions of the contract is obliged to send written notice without delay to the party that has violated provisions of the contract, which states that:
- a) it has sold the same securities that it had to deliver, or bought the same securities that were supposed to be delivered to her, and that it has decided to use the net proceeds from the sale of these securities as a market value of securities, deducted for all reasonable costs, fees and other charges associated with the sale of securities, or the total cost of purchasing these securities, including all reasonable costs, fees and other charges associated with the purchase of securities; or
 - b) it has acquired the bid or ask price on the stock exchange for the same securities, whereby prices must be applicable to commercially reasonable amount of securities (determined by the contractual party that has not breached the contract), specifying the price (in the case of more prices their arithmetic mean) and transaction costs of buying or selling of that amount of securities, and that it chose prices deducted for the transaction costs (in case of sale of securities), and increased for the transaction costs (in case of purchase of securities), after which the finally obtained amount shall be deemed the market value of securities in case of violation of the REPO agreement; or

- c) acting in good faith, unsuccessfully tried to sell or buy securities in accordance with sub-paragraph a) of this paragraph, or acquire bid/ask price on the stock exchange in accordance with sub-paragraph b) of this paragraph, or both, or it has estimated that there would be no commercially reasonable to obtain or use any prices obtained in accordance with sub-paragraph b) of this paragraph, and that the party determined the fair value of securities based on information available on similar securities and that fair value is taken as the market value of securities in case of violation of REPO agreement.
- (5) The contractual party that has violated the contract terms shall compensate counterparty that has not violated contractual provisions for any costs incurred due to the violation of the REPO agreement, together with legal default interest.
- (6) If seller fails to deliver to the buyer purchased securities on agreed purchase date, the buyer has the right to:
- a) require the seller to refund the amount paid without delay, if buyer paid the purchase price to the seller; or
 - b) cancel the transaction by sending written notice of cancellation to the seller, when it will be deemed that seller obligation for delivery of the purchased securities to buyer has ceased and the buyer obligation for the delivery of securities to the seller on the repurchase date has ceased, and that the seller on the date of cancellation shall pay the buyer an amount equal to the difference between the purchase price and the repurchase price.
- (7) If buyer fails to deliver securities to the seller on the repurchase date, the seller has right to:
- a) if it has paid the repurchase price to buyer, require buyer immediately to repay the sum so paid;
 - b) terminate transaction in accordance with the paragraphs (2), (3), (4) and (5) of this Article.
- (8) The written notices from this Article shall be submitted to the Exchange as well and shall serve as a basis for the termination of the repurchase transaction.

8. Foreign currencies (FX) trading

Offers entry

Article 37

The offer elements are:

- offer type (bid or ask),
- settlement date,
- currency pair (base and counter currency),
- value,
- exchange rate.

Trade execution

Article 38

- (1) Participants may bilaterally negotiate foreign currency trades for the currency pairs determined by the general manager decision.
- (2) Foreign currency trade may be a spot or future trade.
- (3) Spot trades are trades that are settled on the trade date (T+0). Future trades are trades where the settlement is in the future on T+n (n <366) according to the terms agreed between market participants on the trading date.
- (4) The trades are executed through bilateral negotiation between Market participants.
- (5) Currency pairs symbols, offers entry, execution, changes and cancelation of trades shall be regulated in more detail in the Instructions.
- (6) After the execution of the foreign currency trade, the STN generates contract confirmation and delivers it to the both contractual parties
- (7) Participants are obliged to settle all obligations in accordance with the contract terms.
- (8) If both parties agree, a trade can be canceled within two hours after execution but not later than 15.45.

Linking with other money markets

Article 39

- (1) The Exchange may sign a separate agreement with other money market that will cover foreign currency trading.
- (2) The agreement shall regulate:
 - the way of forwarding orders to participants in the other market in a case when trade cannot be executed on the Market,
 - responsibility for settlement of obligations arising from transactions that Market participants executed with participants of the market with whom an agreement on linking was signed.

9. Trading suspension

Article 40

- (1) The Exchange may temporarily or permanently suspend trading with all or single Market instrument if:
 - it estimates that there is a possibility for damage,
 - occurs large price (interest rates) fluctuations, or other extraordinary circumstances,
 - it estimates that it is necessary to protect investors.
- (2) Participants must inform the Exchange about circumstances or facts that can cause damage or endanger the interests of investors.
- (3) Temporarily trading suspension lasts until the reasons for trading suspension has been removed.

10. Settlement of disputes between participants

Notification of the Exchange

Article 41

- (1) The contractual party that failed to settle contractual obligation shall immediately inform the Exchange.
- (2) The contractual party that settled its obligations in time shall immediately inform the Exchange on default to the other contracting party who failed to settle its obligations.

Dispute settlement

Article 42

- (1) If one contractual party does not fulfill its obligations under the executed trades, the contractual parties involved in the transaction shall, without delay, try to settle dispute amicably.
- (2) If unable to resolve the dispute amicably, the contractual parties will attempt to settle the dispute by arbitration before the Exchange court.
- (3) If unable to resolve the dispute before the Exchange court, the contractual parties shall resolve dispute before the District Commercial Court in Banja Luka.

Participants liabilities

Article 43

- (1) The contractual party that has failed to fulfill its obligation under the executed trade shall immediately and without delay, and no later than one day after the settlement date, return to the other party whatever it received from it in that trade.
- (2) A participant who is responsible for failure to fulfill contractual obligations shall be liable for all damage.

Article 44

The Exchange is not liable for settlement of obligations and damage.

11. Sanctions against participants

Article 45

- (1) Participant is required to timely fulfill all obligations to the other participants and the Exchange.
- (2) A participant who fails to comply with contractual obligations shall be subject to the measures imposed by the Exchange in accordance with these Rules. The Exchange may inform all participants about the imposed measures.

- (3) In the event a participant fails to comply with these Rules, instructions and other Exchange's regulations relating to the fulfillment of the obligations arising from the executed agreement, the Exchange may impose the following measures:
- reprimand,
 - fine not exceeding 10,000 KM,
 - temporarily suspension or
 - permanent suspension.
- (4) A reprimand shall be imposed in case of minor violations of the provisions of these Rules, Instructions and other Exchange's regulations. A reprimand may be with notifying participants or public reprimand.
- (5) A fine may be imposed for serious or repeated violation of provisions of these Rules, Instructions and other Exchange's regulations.
- (6) A temporarily suspension may be imposed for serious breaches of the provisions of these Rules, Instructions and other Exchange's regulations. The temporary suspension may be imposed up to the three months period.

12. Exchange fees

Article 46

Participants are required to pay membership and trading fees to the Exchange in accordance with the Decision on Fees determined by the Management Board of the Exchange.

13. Transitional and final provisions

Article 47

- (1) Within 15 days of the entry into force of these Rules, the Exchange shall adopt:
- Trading Instructions,
 - Standardized master REPO agreement,
 - Form of the membership request.
- (1) These Rules shall be deemed brought on the day of their approval by the Republic of Srpska Securities Commission and shall come into force on the eighth day after their publication on the Exchange Internet pages.
- (2) These Rules shall replace the Rules on the Short-term Securities of Republic of Srpska, No. 02-UO-161/11 as of 23.03.2011.

No: 01-UO-718/13

Date: 04.10.2013

MANAGEMENT BOARD CHAIRMAN

Bratoljub Radulović