



REPUBLIC OF ALBANIA

Parliament

L A W

No. 10 197 of 10.12.2009

ON

VOLUNTARY PENSION FUNDS

Pursuant to Articles 78 and 83 (1) of the Constitution, upon the Council of Ministers' proposal, the Parliament of the Republic of Albania

DECIDED:

**CHAPTER I
GENERAL PROVISIONS**

**Article 1
Scope**

This Law regulates the establishment, operation and supervision of defined contribution voluntary private pension funds.

**Article 2
Purpose of the Law**

The purpose of the law is to set the necessary standards:

- a) for the effective management of voluntary pension funds through investment diversification with the goal to increase contributions to pension funds;
- b) for the supervision of the “defined contribution” voluntary private pension fund business so as to ensure protection of pension fund unit-

- holders,
- c) to promote the stability, security and good governance of the pool of pension fund assets,
 - ç) the licensing and oversight of the pension fund management company, the occupational pension schemes, the depository of the pension fund assets and all other related matters.

Article 3

Responsible Authority

The Financial Supervisory Authority shall be the responsible authority for the implementation of this law, pursuant to the provisions of the laws in force.

Article 4

Definitions

For the purpose of this law, the following terms shall have the following meaning:

- a) “asset” means securities, cash and other assets owned by the unit holders in a pension fund, a management company or the depository in accordance with the provisions of this Law;
- b) “the Authority” means the Financial Supervisory Authority, pursuant to the provisions of the laws in force;
- c) “manager” means a natural person with management responsibility and who is either the chief executive officer or under the immediate supervision of the chief executive officer;
- ç) “pension fund agent” means a person who is licensed by the Authority and is not an employee of the management company, and who, based on the powers bestowed on him by the management company, conducts marketing activities and enters into pension fund contracts on behalf of the licensed management company;
- d) “unit-holder” means a natural person for whose benefit and name a pension account in a pension fund has been opened and who has the future right to prorata benefits from the pension fund according to his or her pension fund contract with a management company;

- dh) “influencing shareholder” means any person who exercises rights or has effective control over shares which represent five percent or more of the share capital in the company or would give him or her five percent or more of the total voting rights in the company;
- e) “external auditor” means the company of chartered auditors;
- ë) “bank” means an institution that holds a license issued by the Bank of Albania to perform banking and financial activities, in accordance with the banking legislation in power;
- f) “depository” means a bank that holds a license issued by the Bank of Albania to provide custodial, depository and fiduciary services, and a license issued by the Financial Supervisory Authority to provide depository services, in relation to the assets of a pension fund;
- g) “voluntary pension fund”, hereinafter called “pension fund” means a pool of assets owned by pension unit-holders.;
- gj) “occupational pension fund” means a pension fund under a contract between an employer and a management company, for the purposes of providing retirement benefits for its employees;
- h) “capital gain” means income resulting from the asset price difference;
- i) “board of directors” means the only body of the management company, with management and supervision responsibilities, in accordance with the Company Law;
- j) “contributor” means a unit-holder in a pension fund, his or her employer or any third person who pays pension contributions to the unit-holder’s pension account;
- k) “ultimate controller” means any person regardless of whether the person is an Albanian or foreign national, who exercise any influence on a licensee, either directly or indirectly through a third party. This includes, but is not limited to, any persons in accordance with whose direction and instructions the directors of the regulated company are accustomed to act and whose opinions are influential in the licensee’s decision making process;
- l) “pension unit” means a proportionate ownership share in a pension fund’s pool of assets. All units represent equal fractional ownership shares of the pension fund’s assets and the total value of all the pension fund’s units shall always be equal to the net total value of that pension fund’s assets;
- ll) “return on investment” means the result obtained from asset investment and capital gain;
- m) “securities” means securities and derivative financial instruments, as

- per the provisions of the laws in force;
- n) “company law” means Law 9901 of 14 April 2008 “On Entrepreneurs and Companies”;
 - nj) “licensee” means any person licensed under this Law;
 - o) “financial institution” means the portfolio management company and the life insurance company;
 - p) “benefit” means the cash payments, in the form of a pension, out of the amount of money in the unit holders account;
 - q) “employer” means an entrepreneur, legal person, including a state-owned company, an institution funded by the state budget, and an independent institution;
 - r) “pension plan” means the contract between an individual and a management company on the provision of retirement benefits. Pension fund services established by the management company shall be offered to individuals, who, at their own consent, become pension fund members, in accordance with the provisions of this Law;
 - rr) “occupational pension plan” means the contract between an employer and a management company on the provision of retirement benefits. Pension fund services established by the management company shall be offered to employees, who, at their own consent, become pension fund members, in accordance with the provisions of this Law;
 - s) “person” means a natural or legal person and includes an individual, a company, a government agency and any other structure recognized as a separate legal person;
 - sh) “related party” means a natural or legal person that is related to a management company by reason of being:
 - i) a member of the board of directors or employed by the company;
 - ii) a member of the company's internal audit structure;
 - iii) a significant owner of the company;
 - iv) an ultimate controller of the company;
 - v) a spouse or relative, up to the third degree of consanguinity, of a member of the board of directors or internal audit structure, a significant owner of the company, an ultimate controller of the company, an employee of the company, or the company's special administrator in accordance with the provisions of this Law;

- vi) A person that has the right to make decisions or influence decisions for the company, either under a contract between the parties or for any other reason;
- t) “IFRS” means International Financial Reporting Standards;
- th) “management company”, hereinafter called “the management company”, means a joint-stock company established in accordance with the company law and licensed by the Authority to manage one or several pension funds;
- u) “asset transfer” means the transfer of assets from one pension fund to another pension fund.

CHAPTER II THE PENSION FUND

Article 5 Legal Form of a Pension Fund

1. A pension fund shall be a pool of assets, established under a contract and not having legal personality, owned jointly by several persons in a partial ownership and the ownership shares represented by units in the pension fund. Each unit shall represent the ownership of a proportional part of the assets held in the pension fund structure. The pension fund shall be managed by a management company according to a pension fund contract with the unit-holders, with the objective to increase the assets for the unit-holders. Investments of the assets of the pension fund will be made in accordance with the pension fund contract.
2. When the assets in the pension fund pool have rights and obligations attached such as the right to vote, the management company shall represent the rights and obligations attached to those assets in relation to third parties. A management company shall, in exercising any voting or other rights attached to the pension fund’s shares, be solely and exclusively guided by the best interests of unit-holders in the pension fund.
3. A pension fund’s name shall contain the words “voluntary pension fund” and it is prohibited for any person or any form of entity other

than a voluntary pension fund approved by the Authority to use this name or any other terminology that might lead a person to believe that it is a voluntary pension fund.

Article 6

The Pension Fund Contract

1. The management company shall prepare a standard pension fund contract for each of the pension funds it manages. The contract shall be used for all unit-holders in a pension fund. Any changes to the pension fund contract shall be valid after written approval of the unit-holder and only after the following conditions have been complied with:
 - a) The investment strategy described in the pension fund contract for the pension fund cannot be changed, unless authorization to do so has been received by the Authority in justified cases;
 - b) Changes to the elements listed in items (b) to (k) in paragraph 2 of this article shall be made only subject to the Authority's approval.

2. The Pension Fund Contract shall include or describe the following in detail:
 - a) the investment strategy that will be applied in relation to the pension fund, including a list of the assets in which the pension fund may be invested in;
 - b) all fees, remuneration and any type of benefits drawn from the pension fund and transferred to the management company, the depositary and anyone else, including a complete list of other costs to be covered from the pension assets, and the methods for calculating the fees, remuneration, and benefits;
 - c) the terms, conditions and procedure for joining, suspending participation, transferring to another pension fund, withdrawing and method of payout at retirement from the pension fund. The contract shall include a description of the applicable procedure for transferring the assets to a pension fund, where appropriate;
 - ç) the rights and obligations of the unit-holders, including the method of payment of contributions to the pension fund, the procedure of payment of pension benefits, and age eligibility to receive the pension benefits;

- d) the rules for calculating the net value of the pension fund assets, including the management company's obligation to report to the unit-holders on the net asset value of their savings in the pension fund;
 - dh) the obligation for the management company to report to unit-holders on the performance of the pension fund and the obligation to notify the unit-holders of other matters;
 - e) the procedure of converting pension contributions into units, as well as the rules for calculating units in relation to the amount in the the unit-holder's account, and conversion of units into money and the payment of money to unit-holders;
 - ë) the conditions and the procedure of concluding, changing and terminating a pension fund contract between the unit-holder and the management company;
 - f) the unit-holders' right to demand the transfer of his or her assets from one pension fund to another either managed by the same or another management company and the procedure for this transfer, including related costs;
 - g) a description of the contract between the management company and the depositary including the unit-holders' rights under that contract, and a statement to the effect that the depositary is and will remain completely independent from the management company and any related party of the management company;
 - gj) the procedure of amending the pension fund contract.
3. The pension fund contract shall be written in a language that is easy to read and presented in a simple form.

Article 7

The Prospectus

1. A management company shall, before launching a pension fund and entering into a pension fund contract with any person, and no later than March 31st of each year, publish a prospectus containing true and correct information on the pension fund(s) it manages. The information shall be updated daily.
2. The management company shall make the prospectus available to anyone interested when marketing participation in any of its pension funds. The

management company and pension fund agents shall not enter into a pension fund contract with a person prior to providing the person with a copy of the prospectus.

3. The prospectus shall be attached to the pension fund contract.

Article 8

Content of the Prospectus

1. The prospectus shall provide a description and a chart showing the organization and roles of the unit-holders, the management company and the depositary;
2. The prospectus shall include the information necessary for potential unit-holders to be able to make an informed judgment of the investment proposed to them, and, in particular, of the risks attached thereto.
3. The prospectus shall contain information on the operation of the defined contribution plan and the investment risk bearer.
4. The prospectus shall give a clear and easily understandable explanation of the pension fund investment strategy, risk profile and, in particular, describe the market risk, credit risk and agency risk connected to investing in the pension fund.
5. The prospectus shall contain the following information in relation to the management company:
 - a) the names and qualifications of its significant owners and board of directors;
 - b) a complete description of the costs and fees to be paid to the management company, by subtracting them from the assets of the pension fund and any other potential cost, and calculation examples on how these fees and costs will reduce the unit-holders' return on investment;
6. The prospectus shall provide information verified by an authorized actuary on the amounts a unit holder needs to invest on an annual basis in a pension fund to receive an adequate pension upon reaching retirement age. The

explanation shall be illustrated with examples showing different age scenarios and how the age variable affects the amount that needs to be deposited as a contribution.

7. The Board of Directors shall be fully liable for the contents of the prospectus.

Article 9

Approval of the Pension Fund Contract and Prospectus

1. The management company shall submit to the Authority an application for approval of the pension fund draft contract and draft prospectus, for each pension fund. The authority shall review the application attached to the pension fund draft contract and draft prospectus and check that they both comply with the requirements of this Law regarding substance and form.
2. The management company may only use a pension fund contract and prospectus that has been approved by the Authority. The prospectus shall be resubmitted to the Authority for approval once a year. Any changes to the prospectus must be approved by the Authority.
3. The Authority shall approve or deny the application for approval of the pension fund contract or prospectus within 45 working days of receipt of a complete set of the required documents. The date of approval of the prospectus by the Authority is the date of approval of the pension fund. If a proposed pension fund draft contract and/or draft prospectus is denied by the Authority, the management company may reapply for approval once the required amendments have been made.
4. The Authority can issue more detailed rules on the content of the pension fund contract and prospectus, and provide additional requirements and rules related to the procedure of approving pension fund draft contract and draft prospectus that are submitted by the management company.

Article 10

Pension Fund Register

1. The Authority shall keep the pension fund register. The pension fund register shall be accessible to the public.
2. The pension fund register shall contain up-to-date information on the pension fund name, type, address, pension fund approval decision number and date, data on the management company managing it, data on the depositary and other data related to the pension fund activity. The Authority shall issue regulations regarding specific requirements on the content of the pension fund register.

Article 11

Participation in a Pension Fund

1. A person may become a unit-holder in a pension fund only by entering into a pension fund contract with the management company.
2. Before signing the pension fund contract, the management company shall ensure that the person considering becoming a unit-holder understands that it is the appropriate investment and that he or she has been informed in detail about the risks related to investing in the pension fund and that the agency risk, credit risk, market risk and any other relevant risk related to investing in the pension fund has been clearly explained.
3. Participation in a voluntary pension fund shall not exempt unit-holders from their obligation to be insured pursuant to the provisions of the laws in force.

Article 12

Pension Fund Contributions

1. The assets of a unit holder in a pension fund shall consist of the contributions made for, and on behalf of, the unit-holder and the return on the investment made with those contributions, less an required deductions as per the provisions of this Law.
2. If a unit-holder temporarily or permanently ceases to contribute to the pension fund he or she shall remain a unit-holder in the pension fund and retain the same rights as the rest of the pension fund unit-holders.

3. The pension fund pool of assets is owned exclusively by the unit-holders.
4. The contributions invested in a pension fund as well as transfer payments received shall be converted into units by the management company. Each unit shall represent a proportionate ownership share in each of the pension fund's assets. The total value of the units in a pension fund shall always be equal to the total net asset value of that pension fund's assets.
5. Contributions and transfer payments received by the pension fund may be converted into fractions of units, and the value of assets standing to a unit-holder's account may be expressed in such fractions of a unit up to a maximum of 4 digits after the decimal point.

Article 13
Protection of Unit-Holders' Assets

1. Any attempt to pledge or use for similar purposes the amount standing to the account of a unit-holder or make it subject to execution, or part of a possible bankruptcy shall be null and void.
2. The pension fund assets cannot be subject to claims or execution conducted by, or on behalf of, the creditors of a pension fund management company.
3. A pension fund cannot be subjected to bankruptcy proceedings

Article 14
Net Asset Valuation of Pension Fund Assets

1. A management company shall, at regular intervals, and at least every 30 days, provide each unit-holder with information on the assets, including a net-asset valuation of the assets standing to the unit-holder's account, dates of contributions and transfer payments made by, or on behalf of, the unit holder during the relevant period and conversion of those contributions and transfer payments into units. The management company shall be liable for the accuracy of net asset valuation of pension fund assets for each unit-holder, in accordance with the provisions of Article 46 of this Law. Allowed information methods shall be written and electronic form.

2. Net-asset valuation of a unit-holder's assets in a pension fund shall, for the purpose of ensuring liquidity, be based on the "market value" principle while less liquid assets shall be valued based on the applicable IFRS principles unless otherwise specified in rules issued by the Authority.
3. The Authority shall issue regulations on the method of calculating the net-asset value of pension fund assets and on the timeframes for publishing information, which may differ from those prescribed in Paragraph 1 of this Article.

Article 15

Unit-Holders' Asset Transfer to Another Pension Fund

1. A unit-holder has the right at any time to transfer his or her assets from a pension fund to another pension fund that is managed by the same or another management company.
2. If a unit-holder in a pension fund (the "former pension fund") decides to join another pension fund (the "new pension fund"), he or she shall notify the management company managing the former pension fund that he or she has decided to transfer his or her assets to another pension fund with the same management company or has entered into a pension fund contract with another management company and that the amount in his or her account less any deduction made in accordance with the pension fund contract, is to be transferred to the new pension fund.
3. If a unit holder has decided to transfer his or her assets to a new pension fund, the unit holder shall notify the management company of the former pension fund that the contract with the management company shall be terminated and the unit holder's assets be transferred to the new pension fund at such time as agreed. The transfer of assets to the new pension fund shall be completed no later than the first business day following ten working days after the management company of the former pension company has received the notification from the unit holder

Article 16

Payout from a Pension Fund

1. A pension fund unit-holder, upon his choice, shall have the right to

receiving immediate payout of the net value of assets in his or her account, or periodical payments in pension form, corresponding to that value:

- a) when he or she reaches the retirement age prescribed by the law for the mandatory pension system, as applicable to each unit-holder;
 - b) 5 years before the unit-holder reaches the retirement age prescribed in item (a) of this Paragraph;
 - c) upon the unit holder's permanent disability causing him or her to be unable to work, as certified in accordance with the applicable law.
2. The management company may propose the unit-holder to invest his or her assets in other financial products before making the payout to the unit-holder as described in paragraph 1 of this Article, but it must explicitly explain to the unit-holder that he or she has an unconditional right to receive payout of all his or her assets in the pension fund. The Authority shall issue regulations on the methods, conditions and procedures of pension payouts.

Article 17 **Early Withdrawal**

1. Early withdrawal shall be the withdrawal of assets from a pension fund individual account before the conditions laid down in Article 16 (1) are met.
2. Early withdrawal shall incur penalties that are calculated proportionate to a unit-holder's time from first contribution to withdrawal.
3. The Authority shall issue regulations on the penalties related to early withdrawal from pension funds.

Article 18 **Unit-holder Who Dies Prior to Retirement**

If a unit-holder dies prior to receiving payout of all his or her assets under the provisions of Article 16, the assets on his or her account shall be distributed to his or her inheritors in accordance with the inheritance legislation in power.

CHAPTER III MANAGEMENT COMPANY

Article 19 Functions of the Management Company

1. The main functions of a management company are to collect and invest funds in accordance with the provision of this Law as well as in accordance with the principle of risk-distribution (diversification), for the purpose of providing retirement benefits for the persons that participate in the pension fund. The management company may also administer the payments of pension benefits.
2. The management company shall, when accepting new unit-holders and in managing a pension fund assets, act in the best interests of the unit holders or potential unit holders. It shall ensure any investment advice given to a unit-holder or potential unit-holder is considered appropriate before being given.
3. The management company shall take all reasonable steps to obtain the best possible result in managing pension fund assets, including, but not limited to, the execution price, cost, speed, likelihood of execution and likelihood of settlement and any other factors deemed relevant in the administration of pension fund assets.

Article 20 Legal Structure

1. Management company shall be established as joint-stock company with unlimited duration, where at least 51 percent of the shares or voting rights are owned by banks or financial institutions. They shall be one-tier management organizations in accordance with the Company Law. Management companies shall have their registered offices in Albania and cannot be a branch of a foreign company.
2. The only activity a management company shall undertake is the management of pension funds. The Authority may permit and issue

regulations on the conditions a management company has to meet to also undertake activities that are closely related to pension fund management, such as the management of investment funds and asset management, provided the management company obtains the appropriate license to conduct such activities.

Article 21

Capital Adequacy Requirement for a Management Company

1. A management company shall at all times have capital of at least ALL 15,625,000. The capital of a management company is calculated by deducting the liabilities from the assets on the balance sheet of the management company.
2. When the value of the assets in the pension funds managed by the management company exceeds the value of ALL 31,250,000,000 the management company must increase its capital so that it is at least equal to 0.02 % of the value of which the net asset value of the managed funds surpasses the aforementioned threshold. However, the capital is not required to exceed the value of ALL 1,250,000,000.
3. A management company shall immediately notify the Authority if its capital falls below the capital adequacy levels specified in this article.
4. The required capital shall be in the types of assets that are identified as allowable for pension funds in article 63 of this Law and in the regulations issued under this Law. The valuation of the assets that are to be included in the calculation of the capital shall be done in compliance with IFRS unless otherwise specified in the regulations issued by the Authority.
5. If the investment regulations issued under article 63 of this Law allow for investments in real estate, the value of real estate shall not make up more than 20 per cent of the required capital of the management company and only real estate necessary for operations of the management company may be counted in the calculation.

Article 22

Share Capital Sources

1. Each shareholder shall provide information on the capital sources, under the criteria specified by the Authority.
2. The share capital shall not consist of:
 - a) public borrowing;
 - b) bank loans;
 - c) advances or loans from subjects or third parties.

Article 23
Use of the Name “Pension Fund Management Company”

1. A management company’s name shall include the words “Pension Fund Management Company”. If the company does not obtain a license as a management company, it shall, within 2 months, cancel its name as a “Pension Fund Management Company”.
2. The name of a management company shall not contain wording which is likely to mislead actual or prospective unit-holders, or anyone else, and the name should not make any direct or indirect references indicating that the investments are guaranteed or that the Government of Albania is involved in the business.
3. If a management company intends to simultaneously run pension fund management activities and investment fund management activities, those types of activities shall be run as separate from each other, in accordance with regulations issued by the Authority.
4. The Authority shall issue regulations on the separation of pension fund management business from investment fund management business that are carried out by the same management company.

Article 24
Licensing Requirements for Management Company

1. A management company shall not start marketing, or enter into a pension fund contract with anybody before the Authority has granted a license to the management company.

2. An application for a license to conduct business as a management company shall include the following attachments:

- a) Documents certifying that the applicant is a registered joint-stock company, the company's statute and documents that prove that the company's share capital is fully paid;
- b) Documents certifying that the company satisfies the capital adequacy requirements of this Law, including the source of the funding, the relevant financial statements, which certify the source of company's capital, and a statement signed by the company's board of directors that the financial statements fairly reflect the company's status;
- c) Documents certifying that the company's significant owners, directors, ultimate controller, chief executive officer, manager and internal auditor are individually and collectively fit and proper to lead the business. The documents required to determine whether these persons satisfy the requirements to be fit and proper include, as a minimum:
 - i) an education diploma;
 - ii) a signed complete CV describing earlier experience and including names and contact information of persons that can verify the correctness of the information contained in the CV;
 - iii) a statement individually signed by each person, that there is no pending or ongoing penal case or investigation, against any of them.

At least two managers of the management company shall have qualifications and certificates on programs recognized by the Authority, certifying professional skills in the area of pension fund management. The Authority shall issue regulations on testing those individuals in the relevant area and legislation.

- ç) The management company business plan for a minimum of five years that gives a description of the business the applicant intends to conduct, how the capital adequacy requirement is to be satisfied, and projected development of the business. The business plan shall

contain detailed descriptions of the:

- iv) organization of the company, including information on the products or services to be provided by the applicant;
- v) marketing plan of the company;
- vi) action plan of the company, including the applicant's reporting arrangements, both internally to its own management and externally to the Authority;
- vii) the financial plan, including a description of how the start-up cost will be covered and the capital adequacy requirements satisfied;
- viii) risk analysis, including a description of how the applicant will address the relevant risks, in particular, the operational risk, credit risk, market risk, compliance risk, and reputational risk.

d) A written presentation of the applicant's organization, and specifically of the required:

- i) internal audit function;
- ii) risk management function;
- iii) internal control systems to ensure compliance with agreed policies and procedures, such as the code of conduct for employees;
- iv) information technology systems.

dh) Draft contract and draft prospectus of the pension fund(s) to be managed under this Law;

e) The contract concluded between the management company and a licensed depositary, stipulating the rights and obligations of both parties, in accordance with the provisions of this law, which becomes effective upon the approval of the management company license;

ë) A declaration from the applicant's home country supervisory authority if the applicant is a subsidiary of a foreign financial institution or bank that holds a valid license to provide financial services in the foreign country

3. The Authority can require an applicant to furnish such additional

information and documents, or require such information to be verified, as the Authority deems necessary.

Article 25

The Fit and Proper Requirement

1. Every person who is, or is to be, a significant owner, director, ultimate controller, manager or external auditor in or with respect to a management company shall be fit and proper to hold the particular position.
2. In determining whether a person is fit and proper to hold a particular position, the Authority shall assess whether the person has:
 - a) integrity, honesty and commitment to fulfill the responsibilities of the position;
 - b) competence, professional skills and soundness of judgment for fulfilling the responsibilities of the position;
 - c) independence so that the interests of customers of the licensee or proposed licensee are not, or are not likely to be, in any way threatened by a conflict of interest that would arise from the person holding that position.
3. In addition to the provisions above, the Authority shall appraise the conduct and activities in business or financial matters of the person in question, investigating, in particular, whether any evidence exists that the person has been:
 - a) convicted of a penal offence;
 - b) engaged in, or associated with, any financial losses due to dishonesty, incompetence or malpractice in the provision of financial services or the management of other companies;
 - c) engaged in any business practices, including tax evasion, appearing to the Authority to be deceitful or oppressive or otherwise improper, whether unlawful or not, or which otherwise reflect discredit on the person's method of conducting a financial services or other business.
4. Individuals that have been convicted of a crime cannot hold or be

beneficial owner of a controlling interest, be director of, or hold a management position in a management company. For the purposes of this paragraph, “controlling interest” shall mean:

- a) Owning more than 30 percent of any class of voting securities;
 - b) Having the power to elect a majority of the directors of the board or managers of any other policy-making body;
 - c) Exercising a controlling influence over the management or policies of a management company.
5. A significant owner, director, ultimate controller, chief executive officer or manager of a management company cannot be a significant owner, director, ultimate controller, chief executive officer or manager of the depository, holding the assets of the management company’s pension fund or a related party of the depository.

Article 26

Licensing a Management Company

The Authority shall grant a license only if the Authority is satisfied that the applicant for a management company license:

- a) satisfies the capital adequacy requirements in this Law;
- b) each significant owner, director, ultimate controller, executive director, administrator, and internal auditor of the company is fit and proper as set out in Article 25 of this law.
- c) the applicant has adequate managerial capacity, including IT infrastructure, and operational safeguards to act in a sound and prudent manner in accordance with all the requirements in this Law;
- ç) it has made proper arrangements for financial accounting and auditing and will maintain satisfactory accounting and other records of its business with adequate systems of control;
- d) the proposed name does not mislead unit-holders, potential unit-holders or anyone else likely to have dealings with it;
- dh) has sufficient funds to survive and meet capital adequacy requirements during all its activity, including the period of time when the business is not profitable;

- e) commits in writing to the Authority that it will always act in the best interest of its unit-holders.

Article 27

Conditional License

1. The Authority may, when granting a license or at any time thereafter, impose such conditions for the license as it determines is advisable to prevent violations of this law or its regulations.
2. A conditional license may contain limitations related to the duration of the license, and/or the variety of products the licensee can provide. The Authority may without limitation:
 - a) require the licensee to take certain steps, to refrain from adopting or pursuing a particular course of action, or to restrict the scope of its business in a particular way;
 - b) prohibit the licensee from promoting his business either generally or to particular persons or classes of persons, or require that the licensee provide its financial services only to certain types of individuals or individuals specified in the license;
 - c) prohibit the licensee from entering into a specific transaction, or specific types of transactions;
 - c) require that the licensee submit to the Authority, at any time, such information and documents specified in the conditional license.

Article 28

License Application Handling

1. The license shall be approved or denied by the Authority within three months from the date of receipt of a complete application.
2. The Authority shall provide the reason in writing when denying or limiting a license to a conditional license in the case of the applicant requesting a broader license.
3. The applicant can reapply for a license or less limited conditional license when it has been denied a license or has been provided with a more limited conditional license than requested in the original application.

Article 29
Duration and Nature of License

1. A license granted by the Authority under the provisions of this Law shall be valid until revoked by the Authority or relinquished by the license holder.
2. After having received the license, the licensee is required to give written notice to the Authority within 5 working days of any material change relating to any of the submitted information.
3. The authority shall review any change described in paragraph 2 of this Article, and decide whether the management company still qualifies for the license after the changes. The Authority may revoke the license if it finds that the management company does not qualify any longer for the license as a result of the change.

Article 30
Duties of Managing Directors

1. The managing directors of a management company shall, in managing a pension fund:
 - a) apply appropriate administrative procedures, including procedures for delegating authority, separation of duties and responsibility;
 - b) control and implement safeguards for electronic data processing;
 - c) have adequate internal control mechanisms including, in particular, rules for:
 - i) trading in securities by the employees for their own account;
 - ii) investment of own funds;
 - iii) ensuring that each transaction involving a pension fund being reviewed may be reconstructed from its origin, the parties to it, its nature, and the time and place at which it was affected and that the assets of the pension funds are invested according to the pension fund contract and the

law.

- c) review and approve the corporate governance principles recommended by the internal audit function;
- d) ensure that the pension fund is organized in such a way as to minimize the risk of a conflict of interest between the unit-holders' interests and the management company, the directors or employees of the management company or a related party to these persons.

2. Every managing director of a management company shall:

- a) act honestly and sincerely, with a view to the best interests of the pension fund and unit-holders;
- b) exercise the care, commitment and skills that a prudent person would exercise in comparable circumstances;
- c) perform any other duty provided for in the Company Law.

Article 31 **Internal Audit and Risk Management**

1. The management company shall have an internal audit and a risk management function, of a size and capability appropriate for the business it conducts.
2. The internal audit and the risk management structure shall report directly to the licensee's board of directors.
3. The internal audit structure shall be responsible for.
 - a) recommending the corporate governance principles for the business, the policies and strategies for complying with the principles, and measure adherence to the policies and strategies. The corporate governance principles must include standards of business conduct and ethical behavior for directors, managers and other personnel, policies on private transactions, self-dealing, and other transactions of a non-arm's length nature;
 - b) overseeing the operations of the management company and providing direction to it on a day-to-day basis, to ensure that the institution

complies with the objectives and policies approved by the board of directors, as well as the relevant legislation;

- c) providing the board of directors with recommendations, for its review and approval, on the objectives, strategy, business plans and major policies that govern the operation of the institution;
 - ç) providing the board of directors with comprehensive, relevant and timely information that will enable the board to review business objectives, business strategy and policies, and to hold senior management responsible for their position.
4. The risk management structure shall be responsible for:
- a) recommending the board of directors to adopt a risk management structure that detects and monitors on an on-going basis the risks to which the assets of the pension funds and the management company are exposed, including at least market risk, credit risk, operational risk, reputational risk, legal risk, and agency risk;
 - b) overseeing the operations of the management company and its management of the pension funds and providing direction on a day-to-day basis to ensure that the management company, individually and in its management of the pension funds, operates within the risk limitations set by the board of directors, as stated in the pension fund contract and prospectus.

Article 32

Accounting and External Auditing Requirements

1. A management company shall:
- a) have its accounts and pension funds it manages audited by an external auditor annually or at such other interim times as the authority may require. The external auditor shall conduct the audit in accordance with the internationally accepted auditing standards;
 - b) maintain full and orderly accounting records on a continual basis, brought up to date monthly;
 - c) annually prepare, for the financial year of the licensee, financial statements in conformity with the internationally accepted IFRS accounting standards, unless otherwise specified in regulations issued by the Authority;

- ç) prepare and submit both separate and consolidated annual audited financial statements, if it is a subsidiary.
2. The external auditor shall check and certify, by means of a report and in accordance with professional standards and procedures, the true and legal representation of, at least:
- a) the balance sheet, including its notes;
 - b) the profit and loss account, including its notes;
 - c) the report on the fund net assets;
 - ç) the report on the changes in the fund net assets;
 - d) the report on the pension units and investment structure;
 - dh) the internal control activity;
 - e) the book-keeping;
 - ë) the valuation of on-the-balance-sheet items and off-the-balance-sheet items;
 - f) the profit distribution;
 - g) the cash flow statement.
3. The Authority shall have the right to reject the external auditor's report if it has not been prepared in accordance with Paragraph 2 of this Article, and to appoint another external auditor, at the expense of the management company, to prepare a report in accordance with the provisions of this Article.

Article 33

External Audit

1. The management company shall appoint as external auditors only legal persons that have been approved by the Authority.
2. Within three months after becoming licensed under this law, a management company shall appoint an external auditor to audit its accounts.
3. A management company cannot appoint as its external auditor an entity that has as one of its directors, managers, shareholders or officers anyone with a financial interest in the management company and any of its businesses. For the purposes of this article being a unit-holder in the

pension fund shall not be deemed a financial interest.

4. The management company shall apply for the Authority's approval for any changes in the external auditors of the company. If the appointment of the external auditor is terminated for any reason, the external auditor shall submit to the Authority a statement explaining what the external auditor believes to be the reasons for that termination and inform the Authority in writing of any matter relating to the management company which the external auditor became aware of in the performance of his or her functions as auditor and which, in the opinion of the auditor, may harm the licensee's ability to comply with the requirements in this Law.
5. The Authority shall issue regulations on the criteria and requirements for management company external auditors.

Article 34 Reporting to the Authority

1. If, in the performance of his or her functions, an external auditor finds that a management company has violated risk management rules and, as a result, the unit-holders' interests, liquidity or the ongoing concern are at risk, he or she shall inform the Authority immediately.
2. The Authority has the right to ask a management company external auditor for any information on his or her activity. External auditors shall be released from their professional confidentiality obligation when providing information to the Authority.

Article 35 Publication of Auditor's Report

1. The management company shall publish the auditor's report in one of the periodical financial publications within 15 days from the date of its approval by the shareholders' meeting, but not later than six months from the end of the calendar year.

2. The auditor's report shall include, as a minimum, the annual balance sheet, the profit and loss account, for the management company and the funds it manages, as well as the external auditor's opinion.

Article 36 Records

1. A management company shall keep such records as are necessary to exhibit clearly and correctly the state of its affairs, to explain its transactions and financial position, and to enable the Authority to determine whether it has complied with the provisions of this law.
2. The records required by Paragraph 1 of this Article shall be kept for a period of at least ten years.
3. The records shall be such that they can be reproduced in legible form when required.

Article 37 Change of Control in a Management Company

1. No person shall become a significant owner or an ultimate controller of a management company unless:
 - a) he has first notified the Authority in writing of his or her intention;
 - b) the Authority has notified him or her in writing that there is no objection to his or her becoming a significant owner or ultimate controller.

The obligation to apply for the Authority's approval shall not be indispensable if no one becomes a significant owner. In that case, only the relevant notification shall be submitted to the Authority.

2. The Authority, when notifying a person under paragraph 1 (b), that there is no objection to his or her becoming a significant owner of or increasing his or her stake in the management company, may specify a maximum stake that the person is permitted to acquire.
3. The Authority may require such further information and documents from

the person applying to become a significant owner as it deems necessary.

4. In granting permission to a person to become a significant owner or ultimate controller, the Authority shall consider whether that person is fit and proper.
5. The Authority shall respond to the person applying to become a significant owner or ultimate controller of a management company within 3 (three) months of receiving a complete notification from the applicant.
6. The permission granted by the Authority to become a significant owner under Paragraph 1 (b) shall expire when the person has not become a significant owner within one year from the date the Authority issues the permission.

Article 38

Objections to Existing Significant Owners or Ultimate Controller

1. Where the Authority has information that a person who is a significant owner or ultimate controller of a management company does not meet the fit and proper requirements, as described in Article 25, it shall give the person a written notice of objection, giving the reasons why it appears to the Authority that the person is not or is no longer a fit and proper person to be a significant owner or ultimate controller.
2. The Authority is not required to specify any reasons in a notice issued under Paragraph 1 of this Article, where this would, in its opinion, involve the disclosure of confidential information, or would be of harm to a third party.
3. Before submitting a notice under Paragraph 1 of this Article, the Authority shall give the significant owner or ultimate controller a preliminary notice, setting out its reasons for considering that the person is not fit and proper to be a significant owner or ultimate controller of that licensee.
4. A person who has received a notice under paragraph 3 of this Article has a period of 20 working days in which to make a written submission, the

Authority shall assess any written representation received from the significant owner or ultimate controller. The Authority must answer within 25 working days of having received the written answer from the significant owner whether it considers the significant owner or ultimate controller is not or is no longer a fit and proper person to be a significant owner or ultimate controller.

Article 39

Limitations for the Significant Owner or Ultimate Controller Who Is Not Fit and Proper

1. Where a person has become or continues to be a significant owner or ultimate controller without having received the required permission from the Authority, the latter may instruct that the shares owned by such significant owner or ultimate controller shall, until further notice, be subject to any or several of the following restrictions:
 - a) Any transfer of, or agreement to transfer, the significant owner's shares shall be suspended;
 - b) No voting rights shall be exercisable for the shares;
 - c) Any and all payments deriving from the shares shall be suspended.
2. The Authority shall notify the management company that it no longer complies with the licensing requirements as one of its significant owners or ultimate controllers are not fit and proper and its license can be revoked in accordance with Paragraph 2 (e) of Article 80 of this Law, unless the significant owner sells all or part of his or her shares in the management company by the deadlines set by the Authority.

Article 40

Purchase, Merger and Transfer of Management Companies

1. A management company may acquire and hold shares in another management company provided it acquires and holds all the shares of that acquired management company. A management company's purchase of all the shares in another management company requires prior written consent by the Authority.
2. The changes to the two management companies resulting from the

acquisition that deviates from the information provided to the Authority for its license application must be properly reported to the Authority in accordance with Article 29 (2).

3. A management company that ceases to exist because it has been merged into another management company, shall, prior to terminating its business:
 - a) inform all unit-holders that it will terminate its business, and give the unit-holders three months to exercise their right to transfer their savings to another pension fund under management of a management company of their choice;
 - b) inform the unit-holders that they have the right to choose any other management company or to demand payout from the pension fund if it requests that the unit-holders enter into new pension fund contracts with the management company that result from the merger;
 - c) inform the unit-holders about the potential tax consequences of terminating and receiving payout from the pension fund prior to retirement age, such as the possibility of losing any tax exemption;
 - ç) reimburse any cost to the unit-holders caused by the management company ceasing to exist, such as transaction fees. Such costs shall be reimbursed by the management company into which the original management company merged.
4. Any unit-holder that has not chosen to enter into a new contract either with the new management company or another management company shall receive payout of all the assets he or she has in the pension fund. The unit-holder that receives such payout shall be treated under the provisions of Articles 88 (8) and 90 of this Law.

Article 41

Management Company Liability

1. Each management company shall be liable to the pension fund it governs and to the unit-holders for damages resulting from any negligent failure to perform, or from negligent performance, of its obligations relating to the administration and representation of the relevant pension fund.

2. A management company may delegate its information technology and accounting functions, as well as other functions, other than fund management, only with a written permission of the Authority. Other functions of special importance such as fund management cannot be delegated. Delegation of the performance of certain functions of the management company to a third party shall not limit the liability of the management company for the performance of the delegated functions.
3. The Authority shall develop rules on the delegation of management company functions.

Article 42
Disclosure of Conflict of Interest

1. A managing director of a management company who:
 - a) is a party to a contract or proposed contract with a management company in relation to the pension fund,
 - b) is a director or a manager of any entity that is a party to a contract or proposed contract with the management company in relation to the pension fund,
 - c) is a co-owner in a person that is a party to a contract or proposed contract with the management company in relation to the pension fund, shall disclose in writing a complete description of his or her relationship with the entity with which the management company is considering or entering into a contract. The person must also ensure that this description is entered in the minutes of the meetings of the Board of Directors and included with the notifications to unit-holders together with the notifications of the pension fund net asset value in accordance with Article 14 (1) of this Law.
2. The disclosure required by Paragraph 1 of this Article shall be made by the administrator:
 - a) at the meeting of the Board of Directors at which a proposed contract is first considered;
 - b) where he or she was not then interested in a proposed contract, at the first meeting after the managing director becomes so interested;

- c) where the managing director becomes interested after a contract is made, at the first meeting after the director becomes so interested;
 - ç) where a person who is interested in a contract becomes a managing director later, at the first meeting after that person becomes a a managing director.
3. The disclosure required by Paragraph 1 of this Article shall be made by a manager who is not a director:
- a) immediately after the manager becomes aware that a proposed contract is to be considered or a contract has been considered at a meeting of the Board of Directors;
 - b) immediately after the manager becomes interested if the manager becomes so interested after a contract is made;
 - c) if a person who is interested in a contract becomes a manager later, immediately after the person becomes a manager.
4. The Company Law provisions on conflict of interest shall be applicable to management companies.

Article 43

Obligation to Abstain

1. Where Article (1) of this Law applies to a managing director in respect of a contract, the managing director shall not be present at the meeting of the Board of Directors while the contract is being considered or voted upon.
2. Any managing director who violates paragraph 1 of this Article shall cease to hold office as managing director and shall not be eligible, for a period of 5 years after the date when the breach occurred, for election or appointment as a managing director in any institution supervised by the Authority.

Article 44

Limitations on Related Party Transactions

1. A management company shall not, when managing the assets in pension funds, grant any favorable terms to a related party.

2. For the purpose of this article, “granting favorable terms” shall mean:
 - a) carrying out a business which by its nature, purpose, characteristics, or risk, would not be carried out by the institution with other unit-holders;
 - b) collecting interest, fees, or other charges or accepting guarantees which are lower, or paying interest which is higher, than that required of other unit-holders.
3. The pension fund assets may not be sold, borrowed or used to secure an obligation in favor of:
 - a) the management company managing its assets or the depository holding custody of its assets;
 - b) any employer for which the pension fund is the designated pension fund under its occupational pension plan;
 - c) any person who is a related party in relation to any of the entities listed in sub-paragraphs (a) and (b) of this Paragraph.
4. A management company shall not use the assets of the pension fund it manages to purchase any assets from, give loan to, or take on any obligation in favor of any of the entities listed in Paragraph 3 of this Article.

CHAPTER IV DEPOSITARY

Article 45 Depository Role

1. A management company must appoint a depository that shall be responsible for safekeeping of the pension fund’s assets.
2. The pension fund assets, including any cash balances, can only be entrusted to a single depository.
3. A depository shall keep the assets, operations and records of each pension

fund it perform custody services for strictly separately from each other and from its own assets, operations and records.

Article 46

Depository Functions

1. The depository shall calculate the net asset value of the pension fund assets, and inform the management company of the net asset value of the unit-holders' assets in the pension fund, at least every 30 days.
2. The depository shall check whether the assets in the pension fund are being managed by the management company in compliance with the provisions in the pension fund contract and the legislation in power. The depository shall not carry out any instruction by the management company that do not comply with the pension fund contract and the legislation in power.
3. The depository shall ensure that in transactions involving a pension fund assets any benefit is remitted to the pension fund within the usual time limits.
4. The depository shall ensure that a pension fund's income is distributed in accordance with the pension fund contract and the legislation in power.

Article 47

Depository Licensing

1. A depository must be licensed by the Authority as a depository for the pension funds before starting to operate as such. Only banks licensed by the Bank of Albania can be licensed by the Authority to conduct depository business for the pension funds.
2. To become licensed as a depository the bank must comply with the following conditions and submit the following documentation to the Authority:
 - a) a statement signed by the bank's board of directors, stating that the bank is in full compliance with all financial requirements in

- the banking legislation and all the legislation in power;
- b) a statement signed by the board of directors, stating the bank does not, and will not, while holding the license, hold any shares in a management company of the relevant pension fund, or any shares in an entity that is a related party of that management company, and maintain any other financial relationship with those persons;
 - c) a statement signed by the board of directors that the bank does not, and will not, while holding the license, lend money to, or borrow from, the management company that manages the assets of the pension funds for which it will act as depositary or any of its related parties;
 - ç) a statement signed by the board of directors, stating the bank does not, and will not, while holding the license, have any employees or members of the management or members of the board of directors who are:
 - i) members of the board of directors or employees of the management company that manages the pension fund whose assets it will be a custodian of;
 - ii) members of the board of directors or employees of any related party in relation to the management company that manages the pension fund whose assets it will be a custodian of;

3. The bank shall also satisfy the Authority that it is able to:

- a) ensure that the issue, conversion and redemption of units on behalf of a management company are carried out in accordance with the law and the pension fund contract;
- b) ensure that the net asset value of the pension fund units is calculated in accordance with the law and the pension fund contract;
- c) carry out the instructions of the management company and deny those instructions that are in conflict with the law or the pension fund contract.

Article 48

License Revocation, Depository Failure to Comply

1. When the Authority revokes the license of a depository, the Authority shall notify the management company and the Bank of Albania.
2. In the event of any material non performance or improper performance by a depository of the custodial contract, or where a depository has been subjected to forced or voluntary liquidation proceedings:
 - a) the management company shall promptly give notice to the depository to terminate the contract and immediately notify the Authority of the termination;
 - b) the management company shall appoint a new depository within a reasonable time.

If the management company fails to take the steps described in items (a) and (b) of this Paragraph, the Authority may instruct it to change the depository.

3. The Bank of Albania and any other relevant regulatory body shall notify the Authority of any information they have become aware of that indicates deterioration of the financial position or organizational structure of a bank operating as a depository.

Article 49 Use of Sub-Depository

1. A depository may contract a sub-depository with the written permission of the Authority and with the agreement of the management company if investments outside the territory of Albania render such services necessary. Such an agreement shall not limit the depository's statutory responsibilities and any agreement to do so shall be null and void.
2. The Authority may issue regulations on the conditions to be met by sub-depositaries.

Article 50

Change of Depositary

1. A management company, with the authorization of the Authority, may change the custodial service for a pension fund assets from one depositary to another.
2. The change of depositary shall be organized in a manner that ensures continuous performance of the depositary duties in respect of the pension fund assets. The management company shall notify all unit holders of the change of depositary.
3. Where a contract with a depositary is terminated, the depositary shall release the pension fund assets in its custody and all documents relating to the performance of its duties to a new depositary within a period agreed by the parties, and without undue delay. The original depositary is liable for the performance of its duties until all such documents and assets have been completely transferred.

Article 51

Depositary's Obligation to Inform the Authority

A depositary shall immediately inform the Authority of any matter that it believes constitutes an act or omission that is likely to breach the law, a pension fund contract or cause the interest of any unit holders to be threatened.

Article 52

Protection of Pension Fund Assets

Pension fund assets deposited in accordance with the provisions of this Chapter may not be subject to any debt execution against the depositary for its liabilities to third parties. The pension fund assets shall be kept separate from the depositary's assets under bankruptcy, and can not be included in the settlement of liabilities to the depositary's creditors.

CHAPTER V

OCCUPATIONAL PENSION PLANS

Article 53
Establishment of Occupational Pension Plans

1. An employer may establish an occupational pension plan for its employees by entering into a contract with a management company that it will provide its pension funds to its employees. The management company cannot be a related party of the employer.
2. The employer may undertake an obligation to pay contributions to the occupational pension plan by:
 - a) contributing on behalf and for the benefit of its employees;
 - b) making one or several regular payments to the management company to cover the fees to the management company that would otherwise be paid by the unit-holders.
3. Any contribution made by the employer for the benefit of an employee shall be treated as if the contribution had been paid by the employee.
4. An employee shall enter an occupational pension fund by signing an occupational fund contract with the management company, covering the relevant occupational pension plan and governing the employer's obligation to pay contributions.
5. The employer may restrict the unit-holders' right to the contributions given by the employer and require that the employee must have been employed by the employer for a certain number of years before obtaining a right to the employer's contributions.
6. The length of the period before the employee obtains a right to the benefits from the contributions by the employer shall not be longer than two years.
7. Where the employer unilaterally fires an employee without any reasonable grounds and for reasons that are not related to the employee, before the end of the period specified in Paragraph 6 of this Article, the contributions made by the employer shall be transferred to the employee.

Article 54

Approval of the Occupational Pension Plan

1. Occupational pension plans can only start operations after being approved by the Authority.
2. An application for an approval of an occupational pension plan from the Authority shall include:
 - a) the occupational pension plan contract between the employer and the management company;
 - b) a description of the name and characteristics of the designated pension fund and its management company;
 - c) a description of the employer's name and characteristics;
 - ç) the conditions of eligibility for participation in the occupational pension plan;
 - d) the occupational pension plan contract between the employee and the management company;
 - dh) any restrictions on the unit-holders' immediate right to contributions made by the employer, such as a requirement that the employee must have been employed by the employer for a certain number of years;
 - e) the method of determining any fees to be paid by the employer to the managing company;
 - ë) any potential minimum contribution required of any contributor;
 - f) the procedure for informing unit-holders;
 - g) the conditions and procedures for terminating participation and transferring a unit-holder's assets to another pension fund.
 - gj) the conditions that must be met if an employer wants to stop paying any contributions to the management company on behalf of its employees.

Article 55

Refusal to Approve the Pension Fund Contract and the Occupational Pension Plan

The Authority shall refuse to approve the pension fund contract or the occupational pension plan contract or any amendments to these documents if

it finds that the management company, the depository, the occupational pension fund contract, the prospectus or the occupational pension plan contract of the proposed occupational pension plan do not comply with the requirements of this Law or other applicable laws.

Article 56

Termination of Employment

1. If an employee terminates his or her employment, he or she may remain a unit-holder in the pension fund. If the employee chooses to remain a unit-holder, he or she must at the time of terminating his or her employment enter into a pension fund contract with the management company that will replace the occupational pension fund contract the employee had while employed. The management company managing the pension fund shall not refuse to enter into a pension fund contract at substantially the same terms as the previous occupational pension fund contract with the employee.
2. An employee terminating his or her employment may also transfer his or her assets under the original occupational pension plan to another pension fund, in accordance with the requirements of Article 15 of this Law.

Article 57

Non-discrimination

1. Participation in an occupational pension fund must not be restricted to certain employees, and it shall be offered to all employees.
2. An employee cannot be required to participate or to continue participation in an occupational pension plan contract as a condition for employment, or for any other reason, and no deductions from his or her salary can be made in respect to contributions to such a fund without that employee's written consent.
3. A unit-holder may terminate, reduce or increase his or her contributions at any time, and such change shall not, in any way, affect the amount standing to the credit of his or her account, whether resulting from contributions made by the employer or the employee.

4. The employer shall be liable to its employees for not paying any agreed contributions. The amount of such liability will be based upon the sum of pension contributions that are unpaid or not paid in full, of the investment income projected for the time period in question, and of any costs the employee may have incurred in enforcing the employer to honor its obligation to pay the contribution.

Article 58
Application of Pension Fund Provisions

All the provisions of this Law governing pension funds shall be applicable to occupational pension funds to the extent they are applicable.

CHAPTER VI
PENSION FUND AGENTS

Article 59
Pension Fund Agent Licensing

1. No person shall act as a pension fund agent unless the person is licensed as such by the Authority.
2. A person acting as a pension fund agent shall be a duly registered entrepreneur or limited liability company under the Law on Entrepreneurs and Companies.
3. The Authority shall issue regulations on licensing criteria for pension fund agents.
4. The Authority shall only grant a license to a pension fund agent if it finds that the person is fit and proper in accordance with article 25 of this Law.
5. The Authority shall revoke the license of a pension fund agent if it finds that the pension fund agent is not fit proper to act as a pension fund agent any longer or it violates the provisions of this Law.

Article 60
Authorization of Pension Fund Agents

1. A pension fund agent can conclude pension fund contracts only on behalf and on account of a management company licensed by the Authority.
2. A pension fund agent shall provide a certificate issued by the management company to potential unit-holders stating that a contract to act for, and on behalf of, the management company exists, and that the management company accepts responsibility for the acts performed by the pension fund agent within the scope of the contract.

Article 61
Register of Pension Fund Agents

1. The management company shall maintain a register of its pension fund agents. The register shall be daily updated and available to the Authority for reference or inspection purposes.
2. The register shall contain the name, business address and explain the specific powers the pension fund agent has to act for, and on behalf of, the management company.
3. The Authority shall keep the central agent register, and shall ask management companies to provide it with current information for the purposes of updating the central register.
4. The management company shall inform the Authority in writing immediately of the removal of the name of a pension fund agent from the register upon termination of the agreement with that agent.

CHAPTER VII
INVESTMENT POLICIES

Article 62
Investment Policies and Risk Management

1. The board of directors shall approve investment policies in accordance

the Law and regulations adopted under this Law, oversee the management of the pension fund investments, and ensure that the content and diversification is properly defined in its investment policy. For the purposes of this Paragraph, the investment policy shall include:

- a) limits on the amounts that may be held in particular types of investments;
 - b) a clear definition of the types of financial instruments and any other assets the pension fund can invest in;
 - c) rules for safekeeping unit-holders' assets;
 - c) assessment of the appropriate matching of assets and liabilities;
 - d) proper procedure for monitoring the level of liquidity.
2. The board of directors shall approve a risk management system for the pension fund, including the setting and monitoring of policies so that all major risks are identified, measured, monitored and controlled on an on-going basis.

Article 63 **Allowed Investments**

The assets of a pension fund may only be invested in assets specified in the regulations the Authority has issued for that purpose. The Authority shall issue regulations on allowed assets a pension fund may be invested in, and on the restrictions and maximum limits for allowed investments, within two months of this law coming into force.

Article 64 **Borrowing**

A management company shall not receive any loans that are secured with the assets of a pension fund in order to conduct investments for the pension fund or for any other purpose.

Article 65 **Forbidden Investments**

1. The assets of a pension fund cannot be invested in:

- a) shares, bonds and other securities that are either unlisted or not traded on a stock exchange, in the inter-bank market or other trading systems regulated by the relevant authority;
 - b) assets that cannot be sold or transferred;
 - c) derivatives, unless they are used for the purpose of hedging against foreign exchange risk or other similar risks;
 - c) physical assets which are not frequently quoted on organized markets and for which valuation is uncertain including, such as antiques, works of art, motor vehicles, etc.;
 - d) shares, bonds and other securities issued by:
 - i) any shareholder of the management company;
 - ii) the depository of the pension fund;
 - iii) any person who is a related party in relation to the entities listed at (i) to (ii) of this sub-paragraph;
 - dh) investment fund units that are managed by the same management company;
 - e) debt securities issued by the same employer;
2. The Authority shall issue regulations on other assets in which investment is not permitted.

CHAPTER VIII PENSION FUND MARKETING

Article 66 Prohibition of Misleading or False Information

1. None of the following persons:
- a) the management company or a related party to the management company;
 - b) an employer that has established an occupational pension fund;
 - c) any agents or employees of the persons listed in items (a) and (b) of this Paragraph,

may make any claims or statements, either orally or in writing, about a pension fund or a management company that convey false information or may give a misleading or false impression.

2. If the Authority considers that information that has been conveyed, as per the provisions of Paragraph 1 of this Article, either orally or in writing, about a pension fund or a management company, is or may be misleading, it may ban its publication or distribution, and order that an appropriate correction is published or distributed by a specified deadline.

Article 67 Undesirable Activities

1. The Authority may prohibit certain activities by declaring them to be undesirable for:
 - a) all or a particular category of pension funds or pension plans, including occupational ones;
 - b) all or a particular category of persons who render services in respect of pension funds or pension plans, including occupational ones.
2. Where the Authority finds that a person rendering services in respect of a pension fund is carrying out an activity which it considers undesirable, the Authority may immediately instruct that person to suspend that particular activity for such period, not exceeding 3 months, as the Authority deems necessary to review the case in accordance with Paragraph 1 of this Article.

CHAPTER IX MANAGEMENT COMPANY FEES

Article 68 Notification of Management Company Fees

1. All fees applied by a management company shall be included in the pension fund contract, the pension fund prospectus and properly disclosed to anybody that is considering becoming a unit-holder in a pension fund. The

management company shall describe its fees clearly, and state them in a manner that is designed to be easily understood by ordinary people.

2. Any increase in the fees charged by a management company must be notified to unit-holders at least twelve months before they take effect

Article 69

Application of Fees

1. A management company may only apply fees in the following cases and in the following manner:
 - a) by deducting a specific percentage of the value of the managed net assets per year for the cost of managing the pension fund. The specific percentage shall not in any event exceed 3% per annum of the net asset value of the pension fund.
 - b) if the assets are transferred from the unit-holders' previous pension fund to a new pension fund, or withdrawn from the pension fund, the management company can charge a maximum fee of 0.5% of the amount transferred.
2. The Authority shall issue regulations that ascertain administration costs with more specificity.

CHAPTER X

SUPERVISION

Article 70

Supervision Objectives

1. The Authority shall be the only institution that supervises the activities provided for in this Law.
2. The supervision objectives shall be to:
 - a) protect the unit-holders' and beneficiaries' interests;
 - b) ensure the provisions of this Law on safekeeping, stability and financial predictability of the assets of pension funds;

- c) strengthen good governance, transparency and prevent inappropriate behavior and fraud by service providers in relations to the assets of the pension funds.

Article 71

Performance of Supervision

1. Activities shall be supervised through:
 - a) review of records;
 - b) onsite inspection, which can be partial or complete;
 - c) interventions and implementation of actions prescribed in this Law.
2. For the purposes of supervision, the Authority shall ask from licensees any information or document that is related to their activities.
3. Licensees shall provide the Authority with any document requested under Paragraph 2 of this Article.
4. The Authority shall be exercise its supervising functions under a risk-based approach, and play a proactive role, in order to avoid significant potential problems before they occur.
5. The authority may develop methodologies and manuals implementing Paragraph 4 of this Article.

Article 72

Information Exchange

1. The Authority may enter into agreements or sign memoranda of understanding with any supervisory authority, domestic or foreign, with financial sector supervisory authorities, anti-money laundering agencies or any other institution, to share information or to cooperate.
2. The Authority may exchange with another domestic or foreign supervisor:
 - a) information requested on supervised entities;
 - b) data of a financial nature;

- c) information on individuals holding positions of responsibility in such entities.
- 3. Any information released to another supervisory authority shall be treated as confidential by the receiving supervisory authority and be used only for supervisory purposes.
- 4. The Authority receiving the information shall consult with the Authority before taking any further action.

Article 73
Immunity and Indemnification of the Authority's Staff

- 1. Members of the authority's board and the authority's staff can not be sued in any court of law for any act or omission in the exercise or performance of the duties imposed by this law unless the act or omission is proved to have been in bad faith.
- 2. The Authority shall indemnify its executive board and employees against any legal costs incurred in the defense against legal action brought against such person in connection with the alleged acts or omissions of official functions within the scope of their employment or engagement under this law, provided that such person acted diligently.

Article 74
Confidentiality

The Authority shall observe the confidentiality of information received in the course of exercising its duties, except the following cases:

- a) When consent has been received from any person and entity that could be identified by the information;
- b) When the Authority deems it necessary:
 - i) to enable it to carry out its functions;
 - ii) for the purposes of prevention or detection of crime;
 - iii) in connection with the discharge of international obligations;
 - iv) to assist any domestic or foreign supervisory authorities that

exercise functions corresponding to any of the functions of the Authority.

Article 75 Reporting

1. Management companies shall prepare financial reports and other business reports for every calendar year, which they shall submit to the Authority by March 31 of the following year, in accordance with the provisions of Article 76 of this Law.
2. Management companies shall prepare financial reports and other business reports for periods shorter than a calendar year, in compliance with the laws in power and regulations issued by the Authority.
3. The Authority may publish management company summary financial reports, together with external auditor summary reports.
4. Management companies shall report to, and file with, the Authority:
 - a) the financial statements, audited by an independent external audit firm, and signed by a licensed auditor for both the management companies and pension funds they manage;
 - b) agent fees, depositary fees, and any other information requested by the Authority;
 - c) details of the shareholders of the management company including their names and addresses, and their participation in the share capital;
 - ç) the names of and remuneration paid to the members of the board of directors and the salary scale in use by the management company;
 - d) any proposal to change the company registry data;
 - dh) announcements for convening shareholders' general meetings, and decisions taken therein;
 - e) management company investments;
 - ë) changes in the capital structure;
 - f) materials of a publicity nature;
 - g) improvements in the business plan;
 - gj) any other information the Authority may require.

5. A management company that is a subsidiary must file both the audited individual financial statements and the consolidated financial statements with the Authority within four months of the end of the financial year, unless prior approval for an extension has been granted by the Authority.

Article 76 Frequency of Reporting

The Authority shall issue regulations on the form, substance, frequency and deadlines for detailed reporting on management company activities. The Authority may require licensees to submit additional reports, in line with the required form and deadlines as determined by the Authority.

Article 77 The Right to Obtaining Information and Inspecting

1. For the purposes of carrying out its functions, the Authority may request periodical information from:
 - a) A management company, a depositary and a pension fund agent;
 - b) Any person who is or was a significant owner of the management company or the depositary;
 - c) Any person who is or was in a management position, managing director, employee of the management company or the depositary, and pension fund agent;
 - ç) Any person who is or was a ultimate controller of the management company or the depositary;
 - d) Holding company or a subsidiary company or another company, which is a subsidiary of the holding company of the management company or the depositary.

2. The Authority also has the authority to require information or other evidence from individuals that are not employed or working for the management company or the depository, but who are potential witnesses to a violation or possible violation of the law or involved in a transaction that the Authority is investigating.
3. In the course of an onsite inspection the Authority shall be provided with any requested information in accordance with the provisions of this Law.
4. Onsite inspections can take place at any or all of the premises where business is conducted or records are maintained by the management company and the depository. A management company, a depository and a pension fund agent shall ensure that its agents, subcontractors and appointed representatives, permit the Authority similar access to their business premises.

Article 78
Power to Appoint an Expert Person

1. The Authority may appoint an expert or other professionally qualified persons to examine, review and report on, either generally or in relation to a specific matter, the assets and liabilities of a management company, books of a depository, accounts and other records, money, securities or other property held on account of any other person, or any other matter appearing to the Authority to be relevant to the functions of the licensee.
2. A person appointed by the Authority in accordance with Paragraph 1 of this Article shall be subject to the same confidentiality requirements as the staff of the Authority itself.
3. The Authority shall issue regulations on the criteria and procedures for appointing experts or other professionally qualified persons.

Article 79
Duty to Give Information

1. A management company, a depositary and a pension fund agent shall be under a duty to promptly provide the Authority with any information in their possession where the management company or the depositary knows or has reasonable cause to believe that the:
 - a) information is relevant to the exercise by the Authority of its functions under this law in relation to the management company or the depositary;
 - b) withholding of the information is likely to result in the Authority being misinformed about any matter which is of material significance for the exercise of those functions in relation to the management company or the depositary.
2. A management company and its external auditor shall be under a duty to inform the Authority of any matter promptly where it has reasonable grounds to believe that:
 - a) The management company is not able, or there is a significant risk that the management company will not be able, to meet its obligations as they fall due or that its liabilities exceed its assets;
 - b) The management company is not able to satisfy the capital adequacy requirement in this Law and regulations issued under this Law;
 - c) An existing or proposed state of affairs may endanger the rights of unit-holders, clients or other consumers of the management company;
 - ç) In the situation of an external auditor, that he or she intends to make an essential qualification in his report about the pension fund or the management company to the shareholders.

CHAPTER XI
PREVENTIVE AND CORRECTIVE MEASURES

Article 80

Conditions and Measures

1. The Authority shall take the preventive and corrective measures listed in Paragraph 2 of this Article, if it determines that a management company, acting for itself and on behalf of a pension fund it manages, or a depository:
 - a) is, or is expected to become, unable to pay its obligations as they fall due because it lacks sufficient liquidity;
 - b) is, or is expected to become, unable to comply with the capital adequacy requirements for its licensed activity;
 - c) does not continue to comply with one or several initial requirements on receiving a license or approval;
 - ç) if every person who is, or is to be, a significant owner, ultimate controller, director, chief executive officer, manager, or external auditor with respect to a licensee shall be fit and proper to hold the particular position;
 - d) has or could have contravened provisions of this Law or the regulations under it.

2. The Authority shall take the following preventive and corrective measures against the management company or the depository of a pension fund:
 - a) Instruct the licensee to take such action as the Authority considers necessary to prevent or correct violations of this Law or the regulations adopted under it;
 - b) Require the licensee to prepare a plan in order to bring the licensee into compliance with the capital adequacy requirements;
 - c) Require the licensee that an audit of the affairs of the licensee is carried out, at the expense of the licensee, by an auditor chosen by the Authority, or to remove any auditor of the licensee and appoint another for such term as the Authority directs;
 - ç) Require the licensee to appoint a person at the expense of the licensee, to advise the licensee on the proper conduct of its affairs and to report to the Authority thereon within three months of the date of that person's appointment;

- d) Put the licensee under special management at the expense of the licensee by appointing a person to assume control of the licensee's affairs. The appointed special administrator shall be under direct control of the Authority and, with the necessary restrictions, have all the powers of the general shareholder meeting and the board of directors of the company;
 - dh) Suspend in whole or in part the license of the management company, the depositary, or the approval given of the pension fund contract and its prospectus;
 - e) Revoke in whole or in part the license of the management company, the depositary or the approval given of the pension fund contract and its prospectus.
3. The Authority may advise a licensee to take certain actions or to adjust certain lines of action, as long as this is in compliance with the provisions of this Law.

Article 81

Orders

1. Orders given by the Authority in accordance with Article 80 (2) (a) may contain all or any of the following prohibitions or requirements:
- a) Prohibiting the licensee from soliciting business from a person of a particular class or description or from persons other than persons of such class or description;
 - b) Requiring the licensee to take, or to refrain from taking, certain steps or to adopt a particular course of action, or to restrict the scope of its business in a particular way;
 - c) Prohibiting the licensee from entering into a particular transaction or class of transactions or entering into them in conditions other than those specified;
 - ç) Prohibiting the licensee from disposing of or transferring an asset belonging to it or the pension fund during a specified period, or transferring an asset from Albania during that period if the asset is in Albania;
 - d) Requiring the licensee to maintain in Albania assets of such value as appear to the Authority to be desirable with a view to ensuring that it will be able to meet its liabilities for its licensed business;

- dh) Requiring the licensee to transfer control of assets of a specified class or description to a person approved by the Authority;
 - e) Prohibiting the licensee, who is subject to third-party claims, to pay or transfer any amount to any person, or incur any obligation to do so;
 - ë) Forbidding the licensee to undertake any financial obligation on behalf of third parties;
 - f) Forbidding the licensee to borrow any amount, to pay dividends, and/or to transfer any other liabilities to a person whose relationship to the licensee requires him or her to be fit and proper under this law;
 - g) Requiring the licensee to replace its managing director or an officer;
 - gj) Requiring the licensee to discharge its managing director, ultimate controller, or an officer;
 - h) Requiring that a significant owner sell all or parts of his or her shares in the management company within a timeframe stipulated by the Authority.
2. A licensee, significant owner or ultimate controller shall comply with the orders given by the Authority under this Article.
 3. A direction under this article shall be for such period as the Authority considers necessary and may be extended if it is indispensable.
 4. The Authority may revoke or change its orders if it so deems it necessary.

Article 82

The Power to Impose Special Administration on the Licensee

1. The Authority may, under Article 80 (2) (d) of this Law, appoint a special administrator and give the special administrator the powers similar to the power held by the licensee's general shareholders' meeting or board of directors.
2. The special administrator shall take over the control and management of the licensee as of the date of appointment.

3. The special administrator may request a person who once held a position as member of the board or director of the licensee to provide information or certain documents related to the business of the licensee.
4. The Authority can discharge the special administrator from his or her position at any time.

Article 83

The Duties of the Special Administrator

1. A special administrator shall be subject to the control of the Authority and shall follow the directions given by the Authority.
2. As soon as possible after starting to manage a licensee or part of the business of a licensee, the special administrator shall file with the Authority a report that recommends the course of action that is, in his or her opinion, most advantageous and sets out the reasons for that recommendation.
3. The special administrator can recommend transfer of the business or part of the business of the licensee to another licensee, continuation of the licensee's business after a period of special administration, liquidation of the licensee's business, or any other course of action that he or she considers appropriate. The special administrator can recommend different courses of action for different parts of the licensee.
4. The report prepared by the special administrator shall be disclosed to the public on the Authority's website or at such other place as the Authority determines.
5. If the Authority orders the transfer of the licensee's business, or part of the business of a licensee to another licensee, the special administrator shall prepare a plan for the transfer.
6. The control and management of the licensee by the special administrator shall be terminated if the authority decides that the control and management of the licensee is no longer needed.
7. The special administrator shall pay compensation for the damage or loss

suffered by the licensee or any third parties if the damage or loss was caused by the special administrator's deception, negligence, or willful disobedience of the provisions of the law.

8. The Authority may issue additional rules on the powers and obligations of the special administrator including the licensee's obligations.

Article 84

Suspension of License

1. The Authority can, under Article 80 (2) (f) of this Law, suspend any license at any time if satisfied on the basis of available facts and information that the licensee no longer meets the licensing requirements.
2. The suspension of a license may include any terms to be attached to the it, such as:
 - a) Prohibiting conducting any business by the licensee from the effective date of the suspension;
 - b) Other measures deemed necessary by the Authority to protect unit holders' interests.
3. If a license has been suspended and terms have been given, the suspension shall be lifted only once the terms have been met by the licensee.

Article 85

Contract Validity after License Revocation

If the Authority revokes a person's license, that revocation does not affect the validity of any contracts with third parties that are entered in good faith before or after the revocation.

Article 86

Liquidation and Bankruptcy of Management Companies

1. Liquidation of management companies shall be ruled by the provisions of the Law on Entrepreneurs and Companies.
2. A petition for opening bankruptcy proceedings for a licensed institution

shall not be admitted for hearing by a court in the Republic of Albania unless the Authority has granted approval for the petition to go forward.

3. In reaching its decision whether the petition should be submitted, the Authority shall consider whether it is likely that the licensee will be able to restore the financial soundness of the company and bring it in compliance with the relevant requirements to capital adequacy.
4. The Authority shall have the right to be heard on any motion, order or other decision of a bankruptcy proceeding against a licensee.
5. Bankruptcy of the management companies will be regulated by the provisions of the Albanian legislation on bankruptcy.
6. In case of bankruptcy, the assets of the pension fund which are owned by the unit holders shall be treated as any other property that is subject to the Right to Separation as provided in the Albanian bankruptcy law.

CHAPTER XII APPEAL AGAINST AUTHORITY DECISIONS

Article 87 Right to Appeal

Authority decisions shall be subject of appeal to a court.

CHAPTER XIII TAXATION

Article 88 Tax Relief for Unit Holders' Contributions

1. Contributions made by a unit holder to a pension fund shall be deducted from the taxable personal income base of that person.
2. Returns on investment, including capital gains, from investments made by the assets in the pension fund is not subject to taxation on the pension

fund or on the management company.

3. Contributions made by an employer on behalf of a unit holder to a pension fund shall not be considered personal income of that unit holder for taxation purposes.
4. With exception of the case specified in Paragraph 5 of this Article, the upper limit for preferential tax treatment of the annual contribution as described in Paragraphs 1 and 3 of this Article shall be the lower of ALL 200,000 and 15% of the gross annual income of the unit holder.
5. If a unit holder is over the age of 50, the upper limit for preferential tax treatment of the annual contribution as described in Paragraphs 1 and 3 shall be the lower of ALL 250,000 and 25% of the gross annual income of the unit holder.
6. Purchase of units in a pension fund is considered as a financial service and, as such, shall be exempted from value added tax.
7. The services provided by a depository to the management company and unit holders are considered as a financial service and shall be exempt from value added tax.
8. Taxation following early withdrawal shall be as much as the applicable rate at the moment of withdrawal.

Article 89

Tax Treatment of Contributions Made by Employers

Contributions made by an employer to an occupational pension scheme for the benefit of its employees shall be deemed an operating expense up to the yearly amount of ALL 250,000 per employee, and shall be considered as deductible expense for employer's taxation purposes.

Article 90

Taxation on Benefit Payments

Any payments from a pension fund to a unit holder under Articles 16 and 18 shall be subject to personal income tax.

Article 91
Implementation

The Ministry of Finance shall issue instructions on the implementation of the provisions in this Chapter.

CHAPTER XIV
PREVENTION OF FRAUD AND MONEY LAUNDERING

Article 92
Prevention of Money Laundering and Financing of Terrorism

1. Entities licensed under this Law shall be subject to Law 9917 of 19 May 2008 “On the Prevention of Money Laundering and Financing of Terrorism”.
2. The Authority shall exchange information and cooperate with domestic or foreign supervisory bodies in the area of combating money laundering and financing of terrorism, with all necessary methods.

Article 93
Fraud

Licensees shall immediately report to the Authority of any evidence of criminal activity either in Albania or elsewhere which they suspect is associated with the use of their entities or services.

CHAPTER XV
ADMINISTRATIVE CONTRAVENTIONS, PENALTIES AND
CRIMINAL OFFENCES

Article 94
Violation of Conflict of Interest Provisions

1. Managing directors who violate the requirements of Articles 42 and 43 of

this Law commit a criminal offence and shall be punished with a fine of up to ALL 5,000,000 (five million).

2. Where the offence has caused grave consequences it shall be punished with imprisonment up to two years, or with both penalties.

Article 95

Use of the Term “Voluntary Pension Fund” not in Compliance with the Law

1. Persons who use the name “voluntary pension fund” or similar words or phrases for material gain commit a criminal offence and shall be punished with a fine of up to ALL 5 000 000 (five million).
2. Where the offence has caused grave consequences it shall be punished with imprisonment up to two years, or with both penalties.

Article 96

Violation of the Record-Keeping Requirements

1. Managing directors of management companies or depositaries that violate the requirements on records and documentation in Article 36 of this Law commit a criminal offence and shall be punished with a fine of up to ALL 5,000,000 (five million), if they:
 - a) Destroy, conceal, omit or alter any record or account required to be kept or maintained under any of the provisions of this Law or the regulations issued under it;
 - b) Send, attempt to send or conspire with any other person to send out of Albania any such record or account, with intent to defraud any person, or to prevent, delay or obstruct the authority in carrying out an examination, investigation or audit, or the exercise of a power under this Law or regulations adopted under it.
2. Where the offence has caused grave consequences it shall be punished with imprisonment up to two years, or with both penalties.

Article 97

Violation of the Requirement to Notify of Change of Control

1. Persons who fail to provide the Authority with information required under the provisions of Article 37 of this Law commit a criminal offence and shall be punished with a fine of up to ALL 2,500,00 (two million five hundred thousand).
2. Where the offence has caused grave consequences it shall be punished with imprisonment up to one year, or with both penalties.

Article 98
Operation without a License

1. Persons that operate without a license or approval from the Authority, under the provisions of this Law, commit a criminal offence and shall be punished with a fine of up to ALL 15,000,000 (fifteen million).
2. Where the offence has caused grave consequences it shall be punished with imprisonment up to five years, or with both penalties.

Article 99
Failure to Report

1. Persons acting in conflict with the provisions of Articles 75, 76 or 77 of this Law, after being reprimanded by the Authority, commit a penal violation and shall be punished with a fine of up to ALL 2,500,000 (two million five hundred thousand).
2. Where the offence has caused grave consequences it shall be punished with imprisonment up to one year, or with both penalties.
3. Persons failing to submit required reports, information or documents within deadlines under this Law or regulations adopted under it shall be punished with a fine of up to ALL 100,000 (one hundred thousand) for each calendar day of delay.

Article 100
Failure to Inform

1. Management companies, depositaries or auditors that violate their obligation to inform the Authority under the provisions of Article 79 of this Law commit a criminal offence and shall be punished with a fine of up to ALL 2,500,000 (two million five hundred thousand).
2. Where the offence has caused grave consequences it shall be punished with imprisonment up to one year, or with both penalties.

Article 101

Violation of Authority Orders

1. Licensees, significant owners or ultimate controllers that, without sufficient grounds, fail to comply with directions given by the Authority under Article 81 of this Law commit a criminal offence and shall be punished with a fine of up to ALL 5,000,000 (five million).
2. Where the offence has caused grave consequences it shall be punished with imprisonment up to two years, or with both penalties.

Article 102

Administrative Violations

1. When violations of the provisions of this Law are not criminal offences, they shall be administrative violations and shall be punished with fines.
2. The Authority shall have the power to review administrative violations and take administrative measures against them.
3. Proceeds from fines shall be managed under the legal provisions in power.

Article 103

Fines

1. For each administrative violation the Authority shall impose a fine from ALL 300,000 (three hundred thousand) to ALL 10,000,000 (ten million).

2. In addition to imposing a fine under Paragraph 1 of this Article the Authority shall have the right to suspend the responsible natural person from the position that he or she holds in the management company for a specified period of time.

Article 104 Repetition of Violation

Where there is a repeated violation the Authority shall impose double the fines provided in Article 103 of this Law, and may dismiss the responsible person from the function he or she holds in the management company.

Article 105 Execution of Decisions by the Bailiff

1. The fines imposed on violations in accordance with the provisions of this Law shall be paid to a bank account designated by the Authority within 20 calendar days from the day notification from the Authority has been received.
2. The management company and responsible person shall pay an interest of 0.01% on the fine for each day of delay from the deadline provided in Paragraph 1 of this Article.
3. Fines imposed under this Law shall be executive deeds and shall be executed by the bailiff's office if they are not paid within the deadlines specified in this Article.

CHAPTER XVI AUTHORITY FEES

Article 106 Activity Fees and Other Fees

1. The management company and the depositary shall pay a monthly operation fee to the authority while its license is in effect, by the tenth day of the following month.

2. In addition to the fee specified in Paragraph 1 of this Article, management companies and depositaries shall pay licensing, approval and authorization fees.
3. If the licensing or approval request is denied, the fee shall not be refundable.

Article 107
Setting of Fees

1. The Authority shall issue regulations on the elements and amount of licensing, approval, authorization and operation fees, as well as on penalties imposed in the event of overdue payments.
2. The Authority may change the level of fees in its annual budget draft.

CHAPTER XVII
OTHER PROVISIONS

Article 108
Transitional Provisions

1. With this Law becoming effective, existing pension institutes that have been licensed under Law 7943 of 1 June 1995 “On Supplementary Pension and Private Pension Institutes”, as amended, shall continue operation under the conditions that were valid at the moment of their establishment.
2. Existing pension institutes that have been established under Law 7943 of 1 June 1995 “On Supplementary Pension and Private Pension Institutes”, as amended, shall submit an application for a new license in accordance with the provisions of this Law within one year after this Law entry into force.
3. The validity of licenses of existing pension institutes licensed under Law 7943 of 1 June 1995 “On Supplementary Pension and Private Pension Institutes”, as amended, shall terminate on the date of the new license

issued by Authority under the provisions of this Law. Should the Authority reject the application for a new license, it shall specify in the decision a time period within which the existing pension institute must terminate their activities.

4. If existing pension institutes do not apply for a license in accordance with the provisions of this Law, by the deadline specified in Paragraph 2 of this Article, their license issued under Law 7943 of 1 June 1995 “On Supplementary Pension and Private Pension Institutes” shall cease to be valid. The Authority shall adopt a decision specifying the deadline by which existing pension institutes must cease their activities.
5. In its decision ordering the ceasing of activity, the Authority shall instruct the pension institute to transfer the pension funds under their management to a management company that has been licensed under the provisions of this Law, upon the consent of each unit holder. The unit holders who do not want to transfer their assets to the management company shall have the right to withdraw them.

Article 109

Adoption of Implementation Legislation

1. The Minister of Finance shall issue the regulations under Article 91 of this Law within six months from this Law entering into force.
2. The Authority shall issue the regulations under Article 63 of this Law within 2 months from this Law entering into force, and issue the rest of regulations under this Law within 2 years from this Law entering into force.

Article 110

Exemptions

The provisions of this Law shall not apply to any pension funds established under Law 8269 of 23 December 1997 “On the Bank of Albania”, as amended.

Article 111
Repealed Legislation

1. Law 7943 of 1 June 1995 “On Supplementary Pensions and Private Pension Institutes”, as amended, and the implemented legislation adopted under it, shall be repealed when this Law enters into force.
2. Any provisions in Law 9572 of 3 July 2006 “On the Financial Supervisory Authority”, on governing and supervising private supplementary pension institutes, which are in conflict with this Law shall be repealed.
3. Article 2 (c) of Law 9572 of 3 July 2006 “On the Financial Supervisory Authority” shall be changed to the following:

“c) private pension market and the activity in that market;”

Article 112
Entry into force

This Law shall enter into force 15 days after its publication in the Official Gazette.

SPEAKER OF PARLIAMENT

JOZEFINA TOPALLI