



FIANCIAL SUPERVISORY AUTHORITY BOARD REGULATION

ON THE RETAIL MARKET OF SECURITIES OF THE REPUBLIC OF ALBANIA

Approved by Board decision no.22, dated 26.03.2009

Amended by Board decision no.79, dated 28.08.2009

This regulation is drafted in accordance with and pursuant to Article 14 point 3, of Law no. 9572, dated 03.07.2006, “On the Financial Supervisory Authority” and Article 78 third paragraph of Law no. 9879 dated 21.2.2008 “On Titles”.

Article 1

Object

The object of this regulation is defining the rules on functioning and supervision of the retail market of Government securities, including: treasury bills and government bonds.

Article 2 Retail market of Government securities

The retail market of Government securities is one of the forms of the markets regulated and supervised by the Financial Supervisory Authority.

The retail market of Government securities is the market organized in the physical or virtual counters of banks or other licenced entities, for carrying out the transactions in Government securities, with investors, who can be legal or physical persons, residents or non-residents.

No bank or other entity can carry out retail marketing of Government securities without being licenced by the Financial Supervisory Authority.

Marketing of Government securities in the interbanking market is not part of this regulation.

Article 3 Types of transactions in the retail market

The transactions that can be carried out by banks and other licenced entities in the retail market are:

- a) Purchase of Government securities in the primary market (auction) by the investor through the bank, or the licenced entity; b) Sale of Government securities to the investor from the bank's portfolio, or the licenced entity;
- c) Purchase of Government securities from the bank or the licenced entity before the maturity date from every investor; no matter whether the previous actions were not carried out by the same bank or licenced entity;
- d) Using Government securities as collateral; e) Payment of the nominal value on the day of the maturity.

Article 4 Issuer

Securities are marketed in accordance with the conditions set by the issuer

Article 5 Price calculation method

The bank or the licenced entity uses the same calculation method both for the purchase price and for the selling price, on an annual basis 365 days for transactions with treasury bills.

Article 6 Certifying documentation

The bank or the licenced entity which sells treasury bills in the retail market, equips the purchaser with: a) a certification for being declared winner for the transactions of the primary market b) a purchase certification for the sale transactions from its own portfolio.

The certification must at least contain the name and address of the investor, the transaction date and the date of the action, the nominal value of the purchased treasury bill, the Yield, the discounted price and the payment method in maturity, according to the model attached to Annex 2 of this regulation.

The bank or the licenced entity selling government bond in the retail market equips the purchaser with a purchase certification for the selling actions from its portfolio. The certification for the government bonds must include at least the name and address of the investor, transaction date and action date, the nominal value of the government bond, selling price, the value of the voucher offered, uniform accepted yield, the frequency of voucher payment, voucher payment date and payment method in maturity, according to the model attached to Annex 2 of this regulation.

The investor can request from the bank or any licenced entity to provide him with notification about changes of his account according to the data of the system of protection and keeping of Government securities.

Article 7 The maintenance and protection system of Government securities

The data on Government securities retail market transactions are administered by the authorized banks for the activity of maintaining Government securities pursuant to the Regulation “On the terms of the authorization of the supervisor of Government securities”, approved by the Financial Supervisory Authority.

This system, ensures the detailed storage of data for investors over the proprietorship of Government securities, the transactions made in relation to these securities or data in relation to using them as guarantee.

The banks or other licenced entities for transactions in the retail market must ensure the storage of all data in accordance with the first and second paragraph of this Article in an authorized bank as a supervisor based on an agreement between them.

Ensuring maintenance and protection of Government bonds in accordance with this law is a condition for the licensing of the bank or any other entity for transaction in the Government securities retail market.

Article 8 Obligation for clearing and account regulation

In the case of purchase of Government securities before the maturity date from the bank or the licenced entity, when the transaction has not been made from the same bank or licenced entity, the supervisor of the purchaser is obliged to give confirmation on the state of the account in securities in transaction.

In the case of transaction execution, the supervisor, upon receiving notification from the other party in transaction, is obliged to immediately notify the Bank of Albania for the clearing and the regulation of accounts in the synthetic register, in accordance with the regulations approved by the Bank of Albania.

Article 9 Obligation for informing the investor

The banks or other licenced entities are obliged to inform the public about the data on Government securities offered, the selling and purchase price, types of transactions, yields, the voucher and the applied commissions by their publication in the GSRM electronic system pursuant to the method prescribed in Annex 3, attached. These data are also published in a synthesized way in noticeable place in the counters of the entities or other forms of communication too.

Article 10 Reporting and monitoring

The banks or other licenced entities, upon coordinating data with the Bank of Albania, report to the Financial Supervisory Authority about the activity carried out during each month in the Government securities retail market within the first week of the following month, with data based on Annex 1 attached.

The Financial Supervisory Authority constantly monitors the progress in the Government securities retail market by data reporting and field inspection of the process progress.

Article 11 Referencces

The definitions and procedures prescribed in this regulation refer to the Agreement between the Ministry of Finance and the Bank of Albania “On the issuing of treasury bills in registration form” and the agreement “On issuing government bonds in registration form”.

Article 12 Transitory provisions

As regards banks licenced as registrator of Government securities, the provisions of the following regulation are applied “On the terms of the authorization of the supervisor of Government securities”.

The bank, which within twelve months as of the entry into force of this regulation, does not meet the requirements concerning equipment with authorization as supervisor of Government securities, shall within one month take measures for the transfer of all data to an authorized supervisor.

Article 13 Entry into force

This regulation enters into force on the date of the approval by the Financial Supervisory Authority Board.

Elisabeta GJONI
CHAIRPERSON