



REGULATION

ON THE MANDATORY CONTENT OF BUSINESS AND FINANCIAL REPORTS OF BROKERAGE COMPANY IN SECURITIES

Approved by AFSA Board decision No. 74 date 28.08.2009

Article 1

Object

This regulation shall stipulate the mandatory content of business and financial reports which brokerage companies in securities submit to the Financial Supervisory Authority and other external users in order to notify them of their financial position, performance and changes in the financial position.

Article 2

Legal Base

This regulation is issued in accordance with the Article 56 of the Law No. 9879, date 21 February, 2008, “On Securities”, and in accordance with the power given to the Financial Supervisory Authority by the Law No. 9572, date 3 July 2006 “On the Albanian Financial Supervisory Authority”.

Article 3

Subjects of this regulation

Subjects of this regulation shall be joint – stock companies, parts of which are brokerage companies and banks which have been granted a licence by the Financial Supervisory Authority (here by called Authority) to conduct transactions in securities, according to the Regulation no. 165, date 23 December 2008 “On the licensing of the brokerage/ intermediary companies, the broker and the investment advisor”.

Article 4

Mandatory content of reports

1. Brokerage companies registered in the legal form of a joint stock company shall produce financial reports according to “Accounting” Law and International Financial Reporting Standards.
2. General financial reports of brokerage companies shall be:
 - a) Balance Sheet;
 - b) Profit and Loss Account;
 - c) Cash Flow Statement;
 - d) Statement of Changes in Capital;
 - e) Notes to Financial Reports and/or Comment by the Company’s Management Board.

3. Banks which have been granted a licence by the Authority to conduct transactions in securities are obligated to produce business reports whose content is prescribed by forms which make the Appendix, Item B – Financial Report Forms for Banks, and are an integral part of this Regulation.
4. Apart from the reports referred to in paragraph 2 of this Article, licensed companies shall, at the Authority's request, also submit other business and financial reports important for establishing lawfulness and regularity of business operations.

Article 5

Manner of submitting and reporting financial reports

1. Brokerage company's reports shall present authentic results of business activities and financial position of the company.
2. Brokerage companies shall keep business books pursuant to the "Accounting" Law and consistently apply the International Financial Reporting Standards.
3. Annual financial report shall be submitted to the Authority by brokerage companies in a written and electronic form.

Article 6

Time frames and auditing of financial reports

1. Brokerage companies shall submit to the Authority annual financial reports within March of each year, and quarterly reports within 30 days of the end of the quarter.
2. Annual general financial reports of brokerage companies shall be audited by an independent certified auditor and submitted to the Authority within the time frame referred to in paragraph 1 of this Article.

Article 7

Exceptions

Banks which have been granted a licence by the Authority to conduct transactions in securities shall not submit annual financial reports according to this Regulation. They should prepare financial reports according to Regulation no. 22 date 26.03.2009 "On retail market of Government securities".

Article 8

Enter into Force

This Regulation shall enter into force on the day of its publication in the Official Website of the Financial Supervisory Authority.

Chairperson

Elisabeta GJONI

Appendix: Business and Financial Reports of Brokerage companies

A. Financial Report Forms for Brokerage Companies

1. General Company Data – Form A1
2. General Branch Data – Form A2
3. Balance Sheet – Form A3
4. Profit and Loss Account – Form A4
5. Cash Flow Statement – Form A5
6. Statement of Changes in Capital – Form A6
7. Notes to Financial Reports and/or Comment by the Brokerage Company's Management Board – Form A7

B. Financial Report Forms for Banks

1. General Bank Data – Form B1
2. Statement of Income and Expenditure from Securities Transactions – Form B2
3. Statement of Changes/Balance of the Bank's Initial Capital – Form B3
4. Comment by the manager of the department for securities transactions – Form B4

General Data on the Brokerage Company

Form A1

Company Name: _____ Company Registration Number: _____

Position	Description, value or amount
Full address (zip code, town, street and number)	
Telephone and fax	Telephone: _____ Fax: _____
E-mail address	
Webpage:	
Date of entry in the QKR	
Names and surnames of the President and all members of the Management Board	President of the Management Board (CEO): _____ Members of the Management Board: 1. _____ 2. _____ 3. _____
Names and surnames of the President and all members of the Supervisory Board	President of the Supervisory Board: _____ Members of the Supervisory Board: 1. _____ 2. _____ 3. _____
Total number of employees	
Names and surnames of all certified brokers and investment advisers	1. _____ 5. _____ 2. _____ 6. _____ 3. _____ 7. _____ 4. _____ 8. _____
Total amount of initial capital (in HRK)	
Five largest shareholders/stakeholders (names and surnames of natural persons, or company name and head office of legal persons) and percentage of shares/stakes in the ownership (round the percentage to two decimals)	1. _____ 2. _____ 3. _____ 4. _____ 5. _____
Name of the audit company which audited the most recent annual reports	
Company's business banks	1. _____ 2. _____
Account number	1. Regular account _____ Customer's account _____ 2. Regular account _____ Customer's account _____

Date: _____

Place: _____

Company's authorised person

General Branch Data

Form A2

Branch Name: _____ Registration Number of the Branch: _____

Position	Description, value or amount
Full address (zip code, town, street and number)	
Telephone and fax	Telephone: _____ Fax: _____
E-mail address	
Webpage	
Date of entry in the QKR	
Responsible persons	1. _____ 2. _____ 3. _____ 4. _____
Total number of employees	
Names and surnames of all certified brokers and investment advisors	1. _____ 5. _____ 2. _____ 6. _____ 3. _____ 7. _____ 4. _____ 8. _____
Business banks	1. _____ 2. _____
Account number	1. Regular account _____ Customer's account _____ 2. Regular account _____ Customer's account _____ _____

Balance Sheet of the Brokerage Company

Form A3

Company name

Position	As at		in LEK
	31 Dec of the previous year	Current period	
ASSETS			
A. Assets	1		
<i>I. Real estate, plant and equipment</i>	2		
<i>II. Investment in real estate</i>	3		
<i>III. Intangible assets</i>	4		
<i>IV. Investments calculated by applying equity method</i>	5		
<i>V. Financial assets</i>	6		
1. financial assets at fair value through profit and loss account	7		
2. financial assets available for sale	8		
3. loans and receivables	9		
4. financial assets held to maturity	10		
<i>VI. Receivables</i>	11		
1. fee and commission receivable	12		
2. receivables for securities sold	13		
3. dividends, interest, cash deposits and other receivables	14		
4. receivables for advances given	15		
5. receivables from employees	16		
6. receivables from state and other institutions	17		
7. other receivables	18		
<i>VII. Prepayments and accrued income</i>	19		
<i>VIII. Other assets</i>	20		
<i>IX. Cash and cash equivalents</i>	21		
B. Loss above the value of capital	22		
C. Total assets (AOP1+AOP22)	23		
OFF-BALANCE SHEET ENTRIES	24		
1. Customer's portfolio	25		
2. Other off-balance sheet items	26		
LIABILITIES			
A. Capital and reserves	27		
<i>I. Subscribed capital</i>	28		
<i>II. Share premium (capital gain)</i>	29		
<i>III. Reserves</i>	30		
1. legal reserves	31		
2. statutory reserves	32		
3. reserves for company's own shares	33		
4. other reserves	34		
<i>IV. Revaluation reserves</i>	35		
a) revaluation of financial assets available for sale	36		
b) revaluation reserves of hedging instruments	37		
c) revaluation reserves of tangible assets	38		
<i>V. Retained earnings or accumulated loss</i>	39		
<i>VI. Profit or loss of the current year</i>	40		
B. Liabilities	41		
1. liabilities arising from loans	42		
2. liabilities to credit institutions	43		
3. liabilities arising from securities	44		
4. liabilities to suppliers	45		

5. liabilities to employees	46		
6. liabilities for taxes, contributions and other fees	47		
7. liabilities arising from share in result	48		
8. other liabilities	49		
C. Provisions	50		
1. provisions for litigation	51		
2. provisions for taxes and contributions	52		
3. other provisions	53		
D. Accruals and deferred income	54		
E. Total liabilities (AOP 27+AOP 41+AOP 50+AOP 54)	55		
OFF-BALANCE SHEET ENTRIES	56		
1. funds on customers' account	57		
2. other off-balance sheet items	58		

Profit and Loss Account of the Brokerage Company

Form A4

Company name

Position	AOP	As at		in LEK	
		Previous	Year	Current	year
		Cumulatively	Current period	Cumulatively	Current period
I. Income from fees and commissions	1				
1. income from purchase and sale of securities by order of a customer	2				
2. income from purchase and sale of securities in one's own name and for one's own account	3				
3. income from managing securities portfolio for the account of a customer	4				
4. income from special stock exchange trade	5				
5. income from activities of an issuing agent	6				
6. income from activities of a sponsor of an issue	7				
7. income from providing investment advice	8				
II. Expenditure on fees and commissions	9				
1. expenses on fees and commissions in Croatia	10				
2. expenses on fees and commissions abroad	11				
Net result from commissions and fees (1 minus 9)	12				
III. Interest income	13				
1. income from deposits	14				
2. income from debt securities	15				
3. income from interest rate swap contract	16				
IV. Interest expenditure	17				
1. interest expenses on borrowings	18				
2. interest expenses on debt securities	19				
3. interest expenses on interest rate swap contracts	20				
Net result from interest(13 minus 17)	21				
V. Profit from investment and trading in securities	22				
1. profit from assets traded actively, and valued at fair value through profit and loss account	23				
2. profit from assets not traded actively, and valued at fair value through profit and loss account	24				
3. income from activities related to assets available for sale	25				
4. income from activities related to assets held to maturity	26				
5. income arising from hedging transactions	27				

6. income from other equity investments	28				
7. positive exchange rate differences arising from monetary financial instruments	29				
VI. Expenditure on investment and Trading in securities	30				
1. losses from sale of financial instruments	31				
2. negative exchange rate differences arising from monetary financial instruments	32				
3. transaction expenses	33				
4. other expenses on investment and securities trading	34				
Net result from investment and trading in securities (22 minus 30)	35				
Result from basic business activity (12+/- 21+/- 35)	36				
VII. Unrealised profit/loss on investment in financial assets	37				
1. on investments in financial instruments	38				
2. from derivatives	39				
VIII. General administrative expenses and expenses for employees	40				
1. material expenses	41				
2. expenses for services	42				
3. employee wages and salaries	43				
4. expenses for tax, social and pension insurance and similar	44				
IX. Depreciation and value adjustment of long-term assets	45				
1. depreciation	46				
2. value adjustment of long-term assets	47				
X. Value adjustment/impairment of value of short-term assets	48				
XI. Provisions for expenses and risks	49				
XII. Other operational expenses	50				
Total operational expenses (37 + 40 + 45 + 48 +49 + 50)	52				
XIII. Income from participation interests, other investments and loans	52				
XIV. Interest, exchange rate differences and similar expenses from other financing activities	53				
Result from financing activities (53 +/- 53)	54				
XV. Pre-tax profit or loss (36 –51 +/- 54)	55				
XVI. Profit tax	56				
XVII. Profit or loss for the financial year	57				

Cash Flow Statement of the Brokerage Company

Form A5

Company name

As at

in LEK

Position		Same period in the previous year	Current period
I. Net cash flow from basic operating activity (AOP 1 through AOP 19)	1		
Profit/loss of the current period	2		
Depreciation	3		
Increase/decrease in fee and commission receivable	4		
Increase/decrease in interest receivable	5		
Increase/decrease in receivables for securities trading	6		
Increase/decrease in receivables from customers for bought securities	7		
Increase/decrease in receivables from related companies	8		
Increase/decrease in receivables from employees	9		
Increase/decrease in receivables from the State and other institutions	10		
Increase/decrease in other receivables	11		
Increase/decrease in liabilities for fees and commissions	12		
Increase/decrease in liabilities for interest	13		
Increase/decrease in liabilities arising from securities trading	14		
Increase/decrease in liabilities to customers for bought securities	15		
Increase/decrease in liabilities to related companies	16		
Increase/decrease in liabilities to employees	17		
Increase/decrease in liabilities to the State and other institutions	18		
Increase/decrease in other liabilities	19		
II. Net cash flow from investment activities (21 through AOP 24)	20		
Increase/decrease in investments in related companies	21		
Increase/decrease in investments in tangible/intangible assets	22		
Increase/decrease in other investment items	23		
Payment of dividends or share in profit	24		
III. Net cash flow from financing activities (26 through 30)	25		
Increase/decrease in short-term loans and deposits receivable	26		
Increase/decrease in short-term liabilities for loans and deposits	27		
Increase/decrease in long-term loans and deposits receivable	28		
Increase/decrease in long-term liabilities for loans and deposits	29		
Increase/decrease in other items	30		
IV. Net increase/decrease in cash funds and cash equivalents	31		
V. Cash funds and cash equivalents at the beginning of the period	32		
VI. Cash and cash equivalents at the end of the period	33		

Statement of Changes in Capital of the Brokerage Company

Form A6

Company name

As at

in LEK

Position		31 Dec of the previous year	Increase	Decrease	Balance at the end of the reporting period
1. Subscribed capital	1				
2. Premiums on shares issued	2				
3. Provisions	3				
4. Revaluation reserves	4				
5. Own shares	5				
6. Retained earnings or accumulated loss	6				
7. Profit or loss of the current year	7				
8. Dividends (shares in profit)	8				
9. Exchange rate differences arising from net investments in a foreign operation	9				
10. Total direct increase – decrease in capital	10				
11. Changes in accounting policies	11				
12. Correction of fundamental errors	12				
13. Total direct increase – decrease in retained earnings	13				
14. Total capital	14				

Notes to Financial Reports and/or Comment by the Brokerage Company's Management Board

Form A7

a) statement of compliance with IFRS	
b) summary of accounting policies applied	
c) information substantiating items presented in the financial reports	<div>1. transactions with related persons</div> <div>2. income and expenditure from relationships with related persons</div> <div>3. other</div>
d) publications including contingent liabilities and non-deductible commitments as well as goals and policies of managing financial risks of the entity	

General Data on Banks

Form B1

Company Name: _____ Company registration number: _____

Position	Description, value or amount
Full address (zip code, town, street and number)	
Telephone and fax	Telephone: _____ Fax: _____
E-mail address	
Webpage	
Date of entry in the court register (date, month, year)	
Names and surnames of the President and all members of the Management Board	President of the Management Board: _____ Members of the Management Board: 1. _____ 2. _____ 3. _____
Names and surnames of the President and all members of the Supervisory Board	President of the Supervisory Board: _____ Members of the Supervisory Board: 1. _____ 2. _____ 3. _____
Name and surname of the manager of the Sector for Securities Transactions	
Total number of employees	
Names and surnames of all certified brokers and investment advisers	1. _____ 5. _____ 2. _____ 6. _____ 3. _____ 7. _____ 4. _____ 8. _____
Total amount of initial capital (in HRK)	
Five largest shareholders/stakeholders (names and surnames of natural persons, or company name and head office of legal persons) and percentage of shares/stakes in the ownership (round the percentage to two decimals)	1. _____ 2. _____ 3. _____ 4. _____ 5. _____
Name of the audit company which audited the most recent annual reports	
Company's business banks	1. _____ 2. _____
Account number	1. Regular account _____ Customer's account _____ 2. Regular account _____ Customer's account _____

Date: _____

Place: _____

Statement of Income and Expenditure from Securities Transactions

Form B2

Name of the bank

Position	no	Previous	Year	Current	year
		Cumulatively	Current period	Cumulatively	Current period
I. Income from fees and commissions (2+ 3+ 6+ 7+ 8+ 9+ 10+ 11)	1				
1. income from purchase and sale of securities by order of a customer	2				
2. income from purchase and sale of securities in one's own name and for one's own account	3				
a) with related companies	4				
b) with non-related companies	5				
3. income from managing securities portfolio for the account of a customer	6				
4. income from special stock exchange trade	7				
5. income from activities of an issuing agent	8				
6. income from activities of a sponsor of an issue	9				
7. income from providing investment advice	10				
8. income from providing custodial services for securities	11				
II. Expenditure on fees and commissions (13 + 16)	12				
1. expenses on fees and commissions in Albania	13				
a) with related companies	14				
b) with non-related companies	15				
2. expenses on fees and commissions abroad	16				
a) with related companies, branches	17				
b) with non-related companies	18				
Net income from commissions and fees (1- 12)	19				
III. Interest income	20				
IV. Interest expenditure	21				
Net income from interest (20 - 21)	22				
Result from business activity (19 +/- 22)	23				

Statement of Changes/Balance of the Bank's Initial Capital

Form B3

Name of the bank

in LEK

Position		31 Dec of the previous year	Increase	Decrease	Balance at the end of the reporting period
1. Subscribed capital	1				
2. Premiums on shares issued	2				
3. Provisions	3				
4. Retained earnings or accumulated loss	4				
5. Profit or loss of the current year	5				
6. Dividends (shares in profit)	6				
7. Revaluation reserves	7				
8. Total direct increase – decrease in capital	8				
9. Changes in accounting policies	9				
10. Correction of fundamental errors	10				
11. Total direct increase – decrease in retained earnings	11				
12. Total capital	12				

Comment by the Management Board/Manager of the Sector for Securities Transactions

Form B4

a) statement of compliance with IFRS	
b) summary of accounting policies applied	
c) information substantiating items presented in the financial reports	
d) publications including contingent liabilities and non-deductible commitments as well as goals and policies of managing financial risks of the entity	