



**THE FINANCIAL SUPERVISORY AUTHORITY**

**THE BOARD**

**THE REGULATION**

**ON THE STIPULATION OF THE ASSET VALUE OF COLLECTIVE INVESTMENT  
UNDERTAKINGS AND CALCULATION OF THEIR NET ASSET VALUE  
PER QUOTA OR PER SHARE**

*Approved with Board Decision no. 77, dated 29.06.2011*

*Amended with Board Decision no. 46, dated 30.06.2015*

**Article 1  
Object**

This regulation stipulates:

1. The mandatory base for stipulating the value of assets of collective investment investments, including securities, cash and cash equivalents, foreign currency, transactions with future contracts (future) contracts of options (option) and other derivatives, real estate, properties of the company (in the case of an investment company) or other transferable proprietary rights. This regulation stipulates the requirements of liquidity for proper formation of market prices and demand for timely formation of these prices, taking into account the different valuation methods of specific undertakings.
2. Methods for calculating the value of future transactions, options and other derivatives, for which it is not possible to determine a market price.
3. Determination of assets and liabilities of collective investment undertakings and the basis, method and time limits for the calculation of the net asset values, and the net asset value per quota or per share.
4. Frequency of stipulation of the net asset value of collective undertakings.

## **Article 2**

### **Legal basis**

The present regulation is issued based on Article 109, paragraph 1, point (c), Article 111, paragraph 5, Article 111, paragraph 10 and Article 112, paragraph 3 of the Law on “Collective Investment Undertakings”, no. 10198, dated 10.12.2009 hereinafter referred to as the “Law”. The terms used in this regulation have the same meanings attributed to them in the Law.

## **Article 3**

### **The liability of the administrative company and depositary**

1. The company of administration calculates the total asset value of the undertaking it administers, stipulates the liabilities of the undertaking and calculates the net asset value of the undertaking and the net asset value per quota or per share.
2. The depositary, assigned by the administrative company, controls and confirms the calculation of values referred to in paragraph 1 of this Article and methodology according to the stipulation of Article 4 of this regulation.
3. The company of administration shall notify the holder of quotas or the shareholders of the investment company for the calculation of the net asset value per quota or per share within the time terms stipulated in the prospect, in the rules of the investment fund or investment company.

## **Article 4**

### **Basic principles in the evaluation of assets and financial liabilities in the initial moment**

1. The method for the evaluation of assets and financial liabilities of an undertaking shall be based on the provisions of the Law and International Standards of Financial Reporting, hereinafter referred to as “SNRF”, ensuring that all investors are equally treated, notwithstanding the type of undertaking and specifics of the business activity of the undertaking.
2. Assets and financial liabilities of an undertaking, which are traded in an active market, from the beginning and in continuation shall be evaluated and held with the proper value. In cases when the market is not active, the evaluation shall be made based on the methodology drafted by the administration company for each undertaking it administers, since this methodology has been previously consulted with the depositary and it has not been rejected for implementation by the Authority within 30 days from its delivery to the Authority.
3. The assets purchased in foreign currency shall be calculated in the equivalent in ALL by applying the exchange rate of the Bank of Albania, in force on the day of transaction. In the case when the currency, in which the assets have been purchased, is not included in the list of the exchange rate of the Bank of Albania, there shall be used the exchange rates of this currency with Euro, in force on the day of transaction, received from the respective central banks and the values submitted in Euros, shall be exchanged in their equivalent in

ALL by applying the exchange rate of the Bank of Albania, in force on the respective day.

**Article 4/1**  
**Active and non-active market**

1. For the purposes of execution of this regulation, the market is considered active if:
  - a) The securities of the capital are traded actively, for at least 20 trading days in a period of three months;
  - b) The securities of debt are traded actively, for at least 15 trading days in a period of three months.
2. The management company of the undertaking, at the end of each quarter shall evaluate if the trading activity meets the conditions stipulated in paragraph 1 of this Article.
3. The management company of the undertaking in its accounting policies shall determine clear criteria based on which it is classified that transaction, whose price does not represent fair value or transactions which do not meet the criteria according to paragraph 1 of this Article, taking into account factors, such as the volume of trading, number of transactions or change of prices.
4. In addition to the stipulations in paragraphs 1 and 3 of this Article, the management company shall determine if operating in an active or non-active market, taking into account the following:
  - a) Volume of trading compared with the average volume of trading for the three-month-period;
  - b) The difference between the latest price offered for purchase and latest price offered for sale;
  - c) Volume of trading in relation to the capitalization of market in a three-month-period;
  - d) Volume of trading compared with the size of issue for securities of debt for the three-month-period.
5. The management company may apply the provisions of this Article for a financial instrument, which at the time of evaluation refers to paragraph 2 of this Article and it is included in markets according to the stipulation in paragraph 1, Article 87 of the Law for a period of less than three months, proportionally with the period of listing the financial instrument.
6. The management company shall be liable for the identification, provision and storage of documentation which certifies the fulfillment of requirements stipulated in paragraphs 1 to 5 of this Article.

**Article 5**  
**Calculations following the value of assets and financial liabilities**

1. Calculations following the value of assets and liabilities of an undertaking shall be made subject to the type of assets and classification made in conformity with the policy of investments of undertaking investments, as stipulated in the prospect and in the rules of undertaking.
2. Calculations following the value of assets and liabilities of an undertaking given in foreign currency are made by implementing the exchange rate of the Bank of Albania in force on the day of evaluation.

### **Article 6** **Recognition of transactions**

1. Purchases and sales of financial assets shall be included in the evaluation of assets of an undertaking on the day when the transaction is completed. In the case of purchasing a financial asset, the completed transaction shall be recognized as an asset of undertaking, by creating at the same time the liability for settlement. In the case of selling a financial asset, on the day of completing the transaction, the asset shall not be any further part in the assets of the undertaking and it shall be recognized the right for final transaction.
2. The purchase of assets of primary issuances shall be recognized in the assets of undertaking on the trading date.
3. Trading transactions and liabilities of an undertaking in the accounting books of the undertaking shall be registered based on reliable accounting documents ranked as per the value of transactions.
4. Accounts receivable or liabilities linked with dividends, interests, losses or profits and related to a financial asset or one of its components classified as a financial liability, after a decision is taken and the right of the owner is stipulated for the payment of rights (liabilities), shall be included in the total amount of assets or liabilities of the undertaking.

### **Article 7** **Financial assets evaluated according to the fair value**

1. For securities of the share capital and long term debt traded in the Republic of Albania, the fair value on the date of their evaluation will be calculated by applying the average price of daily sale, calculated by weighting the daily price of that security with the amount of securities traded on the Stock Exchange or regulated market, rounded to four figures after the decimal point.
2. In the case of transactions for the securities of long-term debt (long-term debt) traded in Albania, carried out between investment undertakings managed by the same management company, the latter shall get at least three bids from participants who are ready to purchase and sell the securities in question. These bids will serve as the basis for calculating the average price of the asset of the undertaking and the subsequent calculations will be made in accordance with paragraph 1 of this Article.

3. In the case of transactions for securities of companies' debt (corporate debt) traded in the Republic of Albania, carried out between undertakings of investments managed by the same management company, the company shall get at least one bid with the price of which it must recognize and evaluate the debt securities of companies in the portfolios of undertakings.
4. For securities of the share capital and debt traded abroad in the EU market or in liquid markets of the OECD countries, the fair value will be determined based on the last price of the bid in a purchase made in that day on the stock exchange of the country of the issuer or on the stock exchange designated as the primary source of the security price and the price will be listed/quoted officially.
5. In the case of trading in markets outside the European Union and member countries of the OECD, the fair value of stocks and debt securities will be calculated based on the average price of the trading conducted on the day of the evaluation, according to prices listed/quoted officially.
6. In the case when the price in the supporting documentation is absent or missing, the supporting documentation of the transaction on the date of evaluation, the fair value of the security will be calculated on the basis of the latest trading price of the previous day, according to the price listed/quoted officially.

#### **Article 8**

##### **The value of short-term debt security**

1. The securities of short-term debt, issued by issuers with headquarters in the Republic of Albania, will be evaluated by applying the effective interest rate, on the basis of productivity (Yield) in maturity until a new transaction of the same series is made, where a variable yield in maturity shall be taken into account.
2. In case when a transaction in short-term securities is carried out between undertakings of investments managed by the same management company, the company shall stipulate the fair value by applying the prices stipulated in the given manner in paragraph 1 of this Article.

#### **Article 9**

##### **Effective interest rate**

Effective interest rate is the discount rate at which the present value (discounted) of all cash payments is equivalent to the price of a debt security (which includes all transaction costs) and represents the internal rate of return of this debt security. The effective interest rate is expressed annually and it is calculated at the end of the period by applying the method of calculating compound interest. When discounting future cash payments, it is applied the number of days in accordance with the conditions of the contract for debt securities and the last day of amortization is the day of securities' maturity. The effective interest rate is calculated with 8 digits after the decimal point, where the last decimal digit is rounded up by applying mathematical rounding methods.

#### **Article 10**

## **Evaluation of securities which are not actively traded**

1. Securities of share capital quoted in an inactive market for which the conditions for the evaluation referred to in Article 7 of these regulation have not been created during 90 days, will be evaluated by using evaluation techniques defined by the International Accounting Standard 39 (referred to as SNK 39), which means the latest market transaction or a reference price of another security that is essentially the same.
2. The value of securities of the share capital traded, the price of which is not quoted in an active market and which are subject to a depreciation test will be initially recognized on the basis of purchase cost and subsequent evaluation will continue by applying the techniques of evaluation referred to in paragraph 1 of this Article.
3. The securities of long-term debt, for which the conditions for the evaluation referred to in Article 7 of this regulation have not been created during 30 days, must be assessed by applying the effective interest rate. The initial value will be the last fair value of these securities as determined in the manner provided in Article 7 of this Regulation.
4. After trading is reactivated and the conditions for the evaluation referred to in Article 7 of this Regulation are met, the financial assets will begin to be assessed according to the principles valuable in terms of their market quotation.
5. A management company shall submit, upon the request of the Authority, the techniques of evaluation applied for each security, which have been previously checked and approved by the depositary.

### **Article 10/1 Methodology of evaluation**

1. The management company shall draft the methodology of asset evaluation for each undertaking under administration. The methodology shall contain at least the following elements:
  - a) The main source used in order to determine the price of evaluation, as well as the main market in which the financial instrument is traded, where the investment undertaking has invested or aims to invest and from which quoted prices derive for evaluation purposes;
  - b) The second source of the price offered, if it exists and the conditions in which there shall be used the prices taken by other sources, in the cases when there is no price in terms of Article 7 of this Regulation and letter a) of this paragraph;
  - c) The techniques of evaluation which shall be used for the stipulation of the securities value and instruments of cash market, in case that the market is not active;
  - d) The documentation which shall serve to support the appropriateness of indicators or values used in the evaluation process.
2. The management company will submit to the Authority the methodology of evaluation of assets and liabilities, drafted as per the stipulations in paragraph 1 of this Article, in the licensing process for all types of investments that the fund intends to carry out, in the case of

an investment that will be performed for the first time in a given financial instrument or class of instrument, or when the market conditions necessitate making changes. Such methodology will be submitted after it has been previously consulted with the depositary and the auditing company, and along with their comments, and it will be implemented with the approval of the Authority or within 30 days after filing, if during this period the Authority has not sought for its review.

3. The Authority may, at any time, require total or partial revision of the methodology, if it considers that its implementation does not create conditions for fair evaluation of assets and fund quotas. The revised methodology will be submitted to the Authority within 7 days after the submission of request for review and it will be implemented within 15 days after its submission, if during this period the Authority does not indicate otherwise.

### **Article 11**

#### **Dealing with financial assets evaluated with amortized cost**

1. Financial assets classified as loans and accounts receivable are evaluated at amortized cost, applying the method of effective interest rate. Deposits, investments, including debt securities issued by issuers based in the Republic of Albania, will be evaluated regardless of the market value, as defined in Articles 7 and 10 of this Regulation.
2. In the event that a transaction is executed for the sale of assets from a portfolio held to maturity between undertakings of investments which are managed by the same company, the assets should reflect the fair value of securities, estimated as defined in Article 7 of this Regulation.
3. Assets held to maturity for the following period or the sale of a part thereof, will be revalued at fair value.
4. Financial assets held to maturity in accordance with SNK 39 will be subject to the depreciation test of their value for each date in the balance sheet.

### **Article 12**

#### **Evaluation of quotas/shares of other undertakings**

1. The quotas of other investment undertakings will be evaluated with the net asset value per quota or per share of the relevant undertaking, according to the publication, i.e., the value of the quota available on the day of evaluation.
2. In the event that the net value has not been published, or when the net value of assets per quota or per share had not been available on the day of evaluation, the fair value of the quota of another investment undertaking will be the price of a quota/share in the former days of evaluation, which is officially quoted, hence the last price published for that

undertaking by the relevant management company.

**Article 13**  
**Transactions of future contracts (futures), spot contracts and**  
**agreements of repurchase**

1. Transactions of future contracts (futures), will be valued daily at fair value according to the procedure that for sales of future contracts there will be used the bid price of the last purchase, quoted officially and for purchases of future contracts there will be used the bid price of the last sale, officially quoted.
2. Transactions of future contracts (futures), for foreign currencies. Will be evaluated daily at fair value, by applying the Relevant Interbank Rate of Interest offered for the specific currency (Tribor, Euribor, Libor and similar), which is quoted officially.
3. The fair value of a spot transaction on the day of evaluation will be determined by calculating the difference between the contracted exchange rate and the average exchange rate of the Bank of Albania on the day when the undertaking assets are valued.
4. Transactions for the sale of securities and repurchase of these securities on a specified day in the future (passive repurchase) will be evaluated from the date of the transaction in a way that securities, object of transaction, continue to be evaluated in accordance with rules applicable to this type of security, while liabilities for received cash funds are evaluated by calculating the passive interest rate.
5. Transactions for the purchase of securities and resale of such securities on a specified day in the future (active repurchase) will be evaluated from the date of transaction, such as deposits at maturity, through a daily calculation of interest.
6. For transactions of future contracts, options and other derivatives, for which the market price cannot be determined, the management company shall submit to the Financial Supervisory Authority the internal procedures for the evaluation of these contracts, which have been controlled and approved in advance by the depositary.

**Article 14**  
**Evaluation of immovable properties**



The methodology for the evaluation of assets of an investment company invested in immovable properties shall be based in the provisions of Law and principles of SNRFs, by providing an equal procedure and fair presentation of values of the total assets of the investment company and the net value of assets per share, and as a consequence an equal treatment of all investors in the investment company.

#### **Article 15** **Calculation of fees**

1. The fees, which are paid to the management company and the depositary must be calculated in accordance with the frequency of calculating the value of assets of an undertaking referred to in Article 17 of this Regulation, on the basis of the total assets of the undertaking reduced with the amount of liabilities of the undertaking on the day of evaluation (t -1), and the amounts estimated shall be charged to the assets of the undertaking.
2. The fees referred to in paragraph 1 of this Article shall be calculated by applying proportionally annual fees subject to the days of evaluation.
3. The management fee shall not be calculated for those assets which are invested by the undertaking of investments and other investments managed by the same management company, and, in addition, when these funds are in the same depositary, no fee shall be calculated for the depositary for the amounts of these transactions.
4. Fees charged for the assets of an investment undertaking will be paid on a monthly basis, hence, in accordance with the prospectus and rules of undertaking.

#### **Article 16** **Calculation of the net value of assets per quota or per share**

1. The quota value of the investment fund on the day of the evaluation will be determined by dividing the net asset value of the fund in ALL formed until 16:00 of that day with the total number of quotas for that day.
2. The day of evaluation of assets of the undertaking (t-1) will be a day before the day (s) during which it is calculated the net asset value per quota or per share.
3. The total number of quotas of the investment fund on the day of evaluation will be determined by reducing the number of quotas of the previous day of evaluation with the number of quotas that the investment fund has settled to persons who have submitted an application for the sale of quotas in the fund on the day of evaluation, hence ceasing to be a holder of those quotas, and adding the number of quotas that the investment fund has issued to persons, whose assets, on the day of evaluation, are registered in the account of the fund in order to purchase the quotas of the investment fund, all in accordance with the terms of the prospectus and the fund rules.

4. Requests for the sale of quotas and payments based on the request for the purchase of quotas received during the weekend or on holidays will be calculated by the management company in accordance with the net value of assets per quota of the fund in the next working day.
5. The net asset value per share of an investment company shall be determined by the division of the net asset value of the investment company (in ALL) with the total number of shares issued on the day of the evaluation, including that day as well.
6. In cases when the prospectus and the rules of an undertaking determine the currency in foreign currency of the value of assets of the undertaking and results of the management of assets of the undertaking, the net determined value of the undertaking, the net asset value per quota or per share, will be recalculated in the reporting currency by applying the exchange rate of the Bank of Albania for that day.

#### **Article 17**

#### **Frequency of the calculation of the net value of assets of collective undertaking of investments and net value of assets per quota or per share**

The net asset value of an investment fund must be calculated every day.

The net asset value of investment companies will be calculated at least once a month, in accordance with the prospect of the company.

#### **Article 18**

#### **Method and terms for reporting**

1. The depositary shall, in any day (s) after making the calculation of the net asset value per quota or share of the undertaking for the previous day (t-1), inform the management company, for which it provides deposit services, in relation to the calculations performed and verification of the evaluation method for assets and liabilities of the undertaking, as well as the verification of the results of the calculation of the net asset value of the undertaking and the net asset value per quota or per share.
2. The depositary shall inform the Authority about the data referred to in paragraph 1 of this Article in any day (s) of evaluation (t), and no later than 12:00 noon of the same day, by submitting the form for the evaluation of the assets of the undertaking. The content and method of delivery will be determined by the Authority.
3. In all cases where it is established that this regulation is implemented incorrectly and inconsistently, the management company or the depositary are forced to change the procedures for the evaluation of assets of the undertaking and provide a statement of reasons and consequences of deviation from the principles of evaluation of assets and liabilities of the undertaking, as well as a report on a new method of calculating the net asset value of the undertaking investments and the net asset value per quota or per share. The Authority is also entitled to ask for this right.

**Article 18/1**  
**Temporary Provision**

1. A comprehensive revaluation of assets as defined in Article 11 of this Regulation, for funds that are on the market before the entry into force of these amendments will be carried out within two years from the entry into force of these amendments.
2. The management company of the undertaking will submit for approval to the Authority the timetable of the comprehensive reevaluation of assets under paragraph 1 of this Article, within 30 days of the entry into force of these amendments. This plan will be accompanied by detailed portfolio analysis, documentation of technical assessment, and methodologies that explain the method of evaluation.

**Article 19**  
**Entry into force**

This Regulation shall enter into force immediately.