



REPUBLIC OF ALBANIA

The Parliament

LAW

No. 9572, DATE 3.7.2006

ON THE FINANCIAL SUPERVISORY AUTHORITY

Amended by Law No. 54/2014 “On amendments and addenda to Law No. 9572,
dated 3.7.2006 “On the Financial Supervisory Authority”

Pursuant to Articles 78 and 83 paragraph 1 of the Constitution of the Republic of Albania,
with the proposal of the Council of Ministers,

THE PARLIAMENT

OF THE REPUBLIC OF ALBANIA

DECIDED:

CHAPTER I

GENERAL PROVISIONS

Article 1

Scope of Law

The scope of this law is to define the rules concerning the establishment, responsibilities and functions of the Financial Supervisory Authority hereinafter referred to as the “Authority”.

Article 2

Scope of Activity of the Authority

The scope of activity of the Authority is the regulation and supervision of:

- a) securities market and activities of this market, including the activities of other subjects related to the investments in securities which operate in this market;
- b) insurance market and its activities of this market, which include all activities of insurance, re-insurance, brokerage intermediary and operations deriving

from these activities;

- c) pensions market and activities of this market, including pensions market, provided by private institutions and pensions;
- ç) other non- banking financial activities, pursuant to the definitions provided by the relevant legislation, hereinafter referred to as “supervised financial markets ”.

CHAPTER II

THE STATUS, STRUCTURE AND ADMINISTRATION OF THE AUTHORITY

Article 3

The Status of the Authority

The Authority is a public legal entity sited in Tirana. The Authority is independent in the exercise of its powers as laid down in this Law or the legislation in force, with no intervention being made in its activity that might affect its independence.

The Authority shall have the right to issuing such acts as regulations, rules, guidelines, manuals or methodologies that shall be adopted by the Board of the Authority pursuant to the powers laid down in this Law or in the relevant legislation in force, in order to ensure fulfillment of the regulatory and supervisory functions and organization and functioning of the Authority.”

The Authority reports to the Albanian Parliament on the activity it conducts in accordance with this law.

Article 4

Authority Board

The decision-making body of the Authority shall be the Board, which is composed of five members, who shall include the Chairperson, Executive General Director, Executive Deputy Director and two other members.

Article 5

Requirements to the Appointment of the Board Member

Members of the Board should have the following requirements:

1. Albanian citizenship;
2. Have completed the full cycle of university studies in one of the following areas: economics, law or some other area related to actuarial science;
3. at least 7 years of professional experience of which at least 5 years in one of the following fields or some of them taken altogether;
 - a. finance - accounting;
 - b. administration of trade commercial companies;
 - c. legal counseling of trade commercial companies;
 - ç. drafting of legislation;
 - d. actuarial science;
 - dh. social insurance and pensions.

4. with moral and professional integrity;
5. uncommitted in any high ranking functions in a political party;
6. have not been criminally convicted through a court decision of final verdict;
7. comply with the legal requirements and provisions on conflict of interest.

Authority Board members shall not be persons who:

- (a) in the last three years have been partners, shareholders or members of governing bodies in supervised entities;
- (b) have family relations with the persons referred to in item (a) of this subparagraph;
- (c) have been part-time or full-time employees in supervised entities during the last three years."

The Executive General Director and the Executive Deputy Director of the Authority may not exercise other remunerated activities, except for teaching, research and scholarly activities or participation in local or international organizations related to the activity of the Authority.

The Chairperson and two other members may be full time employee in other job positions, but cannot be members of more than one Board or decision-making body of any other supervisory authority.

Each member of the Board has the obligation to declare to the Speaker of the Parliament related to the circumstances determined in this Article.

Article 6

Appointment of Board members

Board members shall be appointed by the Parliament.

The Chairperson shall be appointed by the Parliament with proposal of the Parliamentary Committee on Economy and Finance after a selection procedure has been carried out.

The Board member who is to hold the position of the Executive General Director shall be appointed by the Parliament with the proposal of the Council of Ministers, after a selection procedure has been carried out.

The Board member who is to hold the position of the Executive Deputy Director shall be appointed by the Parliament with the proposal of the Minister of Finance, after a selection procedure has been carried out.

The other two members shall be appointed by the Parliament with the proposals of the Parliamentary Committee on Legal Affairs, Public Administration and Human Rights and the Supervisory Board of the Bank of Albania, respectively, after a selection procedure has been carried out.

The candidate nominated by the Supervisory Board of the Bank of Albania may not be a member of that Supervisory Board.

Article 7
The Mandate of the Board Members

The mandate of each Board member shall be five years. In the instances where their mandate has expired, each member shall continue to exercise their duties until the appointment of the new members, but no longer than three months in any case. Three months before the expiry of the mandate of each Board member, the Authority shall notify the Parliament in writing, which shall start the procedure for the appointment of the new members

The individuals that have been once appointed as Board members of the Board of the Authority are entitled to be re-appointed for a second term upon the termination of their mandate.

At the end of his mandate, the member of the Board cannot be employed for a period of up to three years or be directly or indirectly involved in paid services from any of the subjects supervised by the Authority.

Individuals who were appointed to the positions of Executive General Director and Executive Deputy Director and whose term in office has ended shall, while being unemployed, be entitled to one year of remuneration at the amount of the salary that they received while holding their positions. If they are employed and the salary they receive is lower than the one referred to in this Paragraph, they shall be compensated up to the level of the salary they received in the last month in office, within one year of handing over their duties. Any payments made for the Executive General Director and the Executive Deputy Director in accordance with the provisions of this paragraph shall be covered by the Authority and be allocated under the Authority budget. This right shall not be given to individuals reappointed as Board members and individuals that have been discharged from their duties in accordance with the provisions of Article 8.

Article 8
Release from Duty of the Members of the Board

The Parliament decides on the release from duty of any of the members of the Board, before the termination of the mandate provided for in the first paragraph of Article 7 of this Law in the following cases:

- a. individual resignations;
- b. the individual becomes physically not capable to accomplish the assigned task for more than 3 months;
- c. when due to new circumstances are no longer respected the requirements determined in items 5 and 6 of the first paragraph of Article 5, and the conditions foreseen in paragraph 2, 3, and 4 of Article 5 of this law are no longer respected;
- ç. in case of absence, without proper ground, in more than three consecutive meetings;
- d. during the exercise of his functions acts in violation of the obligation to maintain confidentiality;
- dh. because of professional incapacity or negligence causes damages/detriment to the Authority or to the image of the Authority as an independent institution;
- e. loses the Albanian citizenship

The proposal for the release from duty for any of the Board members of the Board is submitted to the Parliament from each of the institutions that enjoy the right propose other members of the Board and from any other public institutions, whose functions are related to that of the Authority. The proposal also should define the reason thereof and evidence related to the case. The

Parliament may decide the suspension from office of a given member until the end of the process of verification and until the decision is taken. The Parliament, after the review takes a decision regarding the proposal for the release from duty to approve or refuse the proposal.

In case of release from office before the deadline of any of the members of the Board, another member is appointed via the same procedure as the member who is being released for the period until the completion of the deadline of the member who is released.

Article 9

Organizational Structure, Salaries and other Treatments of the Authority

The Board shall specify the organizational structure of the Authority, the number of employees, salaries, bonuses and financial treatment of the non-executive members of the Board, Executive General Director, Executive Deputy Director and staff. Financial treatment shall include the coverage of expenses incurred in the discharge of one's duties, vocational training fees, life and health insurance and other similar expenses. When specifying the amount of salaries, bonuses and financial or nonfinancial treatment of the administration, the Board shall use as a basis a clear methodology taking into account market conditions, the experience of other authorities carrying out financial regulatory activity in Albania, and the needs of the institution itself.

The Authority may establish an occupational pension plan for its employees.

Any provisions laid down in Law No. 9584 of 17 July 2006 "On Salaries, Bonus Payments and Structures in Independent Constitutional Institutions and Other Independent Institutions Specifically Established by Laws" and any other provisions in other laws and regulations in force that conflict with this Article shall not apply to the Authority.

Article 10

Meetings of the Board

The meetings of the Board are summoned with the initiative of the Chairperson of the Board or upon the request of each of its members sent to the Chairperson. The Board meets at least once a month to discuss and decide regarding the agenda.

The meetings of the Board shall be chaired by the Chairperson, and, if the Chairperson is not present, by one of non-executive members who is oldest in terms of age.

The meetings of the Board are considered valid when they are attended by at least three members of the Board.

The decisions of the Board are considered valid when at least four members of the Board have voted "in favor".

Abstention is not allowed in voting.

For each meeting, minutes shall be kept, and shall be signed by all the members attending the meeting. The decisions taken in a meeting shall be signed by the Chairperson and the Executive General Director.

The Board approves the regulation regarding the operation and maintenance of minutes of the meeting.

Article 11
Transparency in the Activity of the Authority

The Board publicly announces the policies and practice it follows in compliance with the laws and by-laws, as well as the ground for their amendment.

The policies that the Board follows for the compliance of provisions according to the first paragraph of this Article will include also the means selected by the Authority and used independently from it in the course of fulfillment of the objectives of this law.

The Authority approves the regulations for the procedures for disclosing to the public its documentation and the deadlines and terms for maintaining/keeping certified copies of this documentation.

The Board approves regulations regarding the type of publications and their deadlines for publication, and as well as for the designation and operation of the web page of the Authority.

CHAPTER III

THE OBJECTIVES, THE POWERS OF THE AUTHORITY
AND THE RIGHTS OF THE BOARD

Article 12
The Objectives of the Authority

In carrying out its functions and competencies foreseen in this law, the Authority has the following objectives:

1. to protect the interests of investors and insured persons;
2. to promote sustainability and enhance transparency and credibility of the supervised financial markets ;
3. to ensure enforcement of the law.

Article 13
The Aim of the Authority's Activity

The aim of the Authority and its structures is:

1. to regulate the activity of the supervised subjects via the drafting of Authority's act determined by this law, as well as to publish guidelines and explanatory notes/materials;
2. To ensure public supervision on the securities market, insurance market, and Voluntary pension schemes, which are regulated and function in line with the relevant legislation in force.

In the exercise of the competencies powers laid down in Article 2 of this law, the Authority enjoys full rights regarding:

- a) approval, issuing or refusal of licenses for subjects that wish to carry out activities in one of the supervised financial markets ;
- b) oversight and organization of the supervision of subjects that request to carry out activities in one of the supervised financial markets ; The subjects, either individuals or natural or legal persons, that exercise the activities specified in Article 2 of this Law, are called“ supervised subjects”.
- c) to oversee the implementation of this law and its by-laws issued in compliance with this law and Authority’s act pursuant to their enforcement and of the restraining measures.

Article 14 **Board Powers**

The Board shall independently exercise the power to:

1. Adopt licensing, regulatory and supervisory policies in order to encourage the development of financial markets under Authority supervision in accordance with the provisions of this Law and the legislation in force.
2. Adopt rules, regulations, decisions and guidelines on supervising and regulating institutions and persons carrying out activities in the financial markets that are supervised by the Authority, and guidance on the interpretation and implementation of laws in compliance with the provisions of this Law and the legislation in force.
3. Approve all the reports that the Authority submits to the Parliament of the Republic of Albania.
4. Approve, refuse, suspend or revoke licenses or authorizations to carry out activity in the supervised financial markets, and the respective rules in accordance with the provisions laid down in this Law and the legislation in force.
5. Approve auditors or audit firms of the supervised entities.
6. Adopt accounting standards and financial reporting forms compulsory to be applied by the supervised entities.
7. Adopt the code of conduct, rules of procedure of the Board and the rules on the organization and functioning of the Authority, which are issued under this Law.
8. Adopt the strategies, policies and regulations on the general management of the Authority, policy for investing in bank deposits or securities issued by the Government of the Republic of Albania, and specify the methods and procedures of using financial means for purposes of carrying out the activity of the Authority.
9. Adopt regulations on the establishment, investment and use of the Authority’s reserve fund.
10. Adopt the organizational structure of the Authority and the number of staff and their job description and functional decisions.

11. Approve salaries, bonuses and financial treatment of the non-executive members of the Board, Executive General Director, Executive Deputy Director and staff.
12. Adopt the human resource policy and the recruitment rules.
13. Adopt the rules on the specification of the elements included in the calculation and the levels of the fees to be charged to supervised entities and the procedures for their collection and reconciliation.
14. Approve the Authority budget, types of expenses and allocations and uses of the reserve fund.
15. Approve the financial statements of the Authority.
16. Appoint the head of the internal audit unit, and approve the auditor or audit firm of the Authority.
17. Decide to purchase advisory services from relevant experts.
18. Approve the signing of memoranda of understanding, and information exchange agreements with other authorities in the country and abroad.
19. Approve the annual activity report of the Authority for the previous year, which shall be submitted to the Parliament in April, together with the audited financial statements.
20. Approve the supervision report, which presents the situation and prospects of the supervised markets and which is published in July.
21. Decide on the supervision measures and sanctions imposed on supervised entities.
22. Exercise any other powers granted by the Authority in accordance with the provisions of this Law and the legislation in force.

Any taken decisions may be appealed against in courts.

Board decisions shall be grounded and published in the way specified by the Board for the publication of official announcements.

Board decisions of an individual character shall be communicated to the concerned entities immediately

Article 15 **Board Chairperson's Powers**

The Chairperson of the Board shall have the power to:

1. Convene and chair the Board meetings.
2. Present the agenda.

3. Order the establishment of inspection committees, the scope of work, and the deadlines for reviewing cases.
4. Submit a proposal to the Board to establish advisory committees, in order to develop policies for the progress of the work of the Authority.
5. Exercise other powers granted to the Chairperson by Board decisions.

Article 16 **Executive General Director's Powers**

The Executive General Director shall organize and manage the Activity of the Authority and of the administration of the Authority.

The Executive General Director shall have the power to:

1. Represent the Authority.
2. Organise, manage and inspect the activity of the administration.
3. Report to the Board on the implementation of the adopted decisions.
4. Propose to the Chairperson of the Board any issues to be included in the Board meeting agenda, which are necessary in the context of exercising Authority functions and its good performance.
5. Issue orders and instructions in the context of fulfilling his executive powers.
6. Hire and fire Authority staff.
7. Exchange data with the Bank of Albania, other government institutions and agencies, local authorities and administrations, nongovernmental organisations operating activities in relation to the financial markets supervised by the Authority, and supervised entities.
8. Cooperate with the Bank of Albania for the inspection of banks acting as depositaries for the entities supervised by the Authority.
9. Ask the Bank of Albania to carry out inspections with specified scope in banks, in accordance with the legislation in force, and make available the inspection outcome.
10. Fulfill other tasks and responsibilities, in accordance with the internal rules of the Authority.

When the Executive General Director is absent, or when he or she cannot, due to extraordinary circumstances, delegate the performance of duties or is incapable of acting, the Executive Deputy Director shall manage the Authority in order to ensure its normal daily activity.

Article 17

Competencies Powers of the Members that do not Hold Executive Functions

The three members of the Board not performing any executive functions inside the Authority, in cases of a request for the review of a special case related to deficiencies or law violations during the Authority's activity operate as the Audit Committee. The Members of the Board review the documentation and prepare detailed reports which they submit to the Board. In cases of observation of violations or deficiencies, the report will contain recommendations for the measures that need to be taken.

The audit committee appoints one of its members as a reporter who reviews the appeals and claims against the decisions of the Board and its bodies.

The person who reports enjoys all rights to carry out a full inspection regarding the matter. For the appealed decisions, the person who reports prepares detailed reports and submits them to the Board. In case of observation of violations or deficiencies, the report contains recommendations regarding the measures that need to be taken regarding the improvement of the situation.

The Board reviews the submitted report and decides regarding the proposed measures, if any.

The Parliament decides, if it is necessary the external auditing of the Authority.

Article 18

Procedures for Execution of the Rights of the Board and of the Structures of the Authority

In the exercise of the rights of the Board and all other structures of the Authority, members of the Board and the appointed employees with supervisory functions enjoy these rights in compliance with the procedures determined in this law and their responsibilities, they have the rights:

1. to request from the supervised subjects and other subjects who have been acting in violation of the provisions of this law or other legislation that regulate the markets of the area, written explanation, documentation, including certified copies of documents, data, information and other data, and verify the documentation and the reporting. The documentation and written information shall be in Albanian;

2. to obtain data regarding funds, assets, including securities and other assets in the ownership of supervised subjects;

3. to inspect the accounts, trade/commercial documents, and other documentation related to the performed transactions;

4. to lead the third party inspections, which will include the review of that part of the documentation of the third party's activity, related to the issue that the supervised subject is inspected.

5. to request from third parties information, and documentation including certified copies of documents, statement of accounts, and other necessary data for the process of verification;

6. to attend the meetings organized by the managerial and control structure of the supervised entities.

In order of the implementation of the exercise of the supervisory procedures, the Deputy Chairperson responsible for the supervised subject may request to the Board to appoint an

external experts, in compliance with the specific requests approved by the Board. In this particular instance, the incurred expenses shall be paid by the supervised subject.

Upon the request of the Executive General Director, the banks for the supervised subjects by the Authority must provide information regarding the existing or closed account numbers and codes alongside with the data of the latest transaction.

All data and documents related to violation of this law, which contain the name of the individual in charge of their drafting, are submitted to the third parties by the Executive General Director, only with the preliminary approval/consent of the above mentioned individual, except when the law foresees otherwise.

The police authorities, prosecutor's offices and all other state authorities shall within their powers assist the work of the Authority and of its staff during the course of the exercise of their supervisory functions.

In the context of the exercise of the competencies of this law, the Authority may carry out general inspections, in cooperation with the tax authorities.

Authority Board members and the other officers in its administration shall not be held individually liable for damages caused to supervised persons by their actions or omissions in the course of exercising their powers and tasks pursuant to this Law or the legislation in force, except when such actions or omissions have been deliberate and intentional. The Authority shall compensate the Board members and other administration officers for any legal costs incurred in the defense against any legal action taken against them resulting from the performance of their functions or tasks pursuant to this Law and the legislation in force

Article 18/1

Cooperation and Information Sharing

1. The Authority can conclude agreements or memoranda of understanding with other domestic or foreign supervisory authorities, supervisory authorities in the financial sector, agencies or institutions of prevention of money laundering and financing of terrorism, or other legally recognized institutions, in order to cooperate, exchange information or carry out joint inspections.

2. The Authority shall conduct investigations on behalf of and for other domestic or foreign supervisory authorities, in the financial sector, agencies or institutions of prevention of money laundering and financing of terrorism, or other legally recognized institutions, upon their request.

3. The Authority shall exchange the following with domestic or foreign authorities and institutions, in its relevant areas of activity:

- (a) information on supervised entities;
- (b) information on licensing;
- (c) information in relation to the prevention of money laundering and financing of terrorism;

(ç) information in relation to fraud committed in the course of carrying out activity in the supervised areas;

(d) financial data;

(dh) information on the natural persons holding positions of responsibility in those entities.

4. Any information the Authority receives and any information provided to other supervisory authorities shall be treated as confidential and used only for the purposes specified in the law or regulations.

5. The Authority shall be responsible for collecting and processing information on the facts and circumstances in relation to its compliance with statutory supervisory tasks and responsibilities.”

Article 19 **The Inspection**

The inspection shall be carried out by Authority officers, in accordance with the specifications laid down in the order signed by the Executive General Director or, in his absence and his authorization, by the Executive Deputy Director. The inspection shall take place with or without prior notification

The staff appointed according to paragraph 1 of this Article inspects the following:

1. compliance with the laws and bylaws in force regulating the activities of the supervised financial markets ;
2. prevention and identification of violations.

In the course of the inspection, the supervised subject shall ensure normal working conditions, and provide documentation or any other written information in Albanian.

The staff of the administration of the Authority shall have to introduce themselves at the beginning of the inspection procedures, by presenting the order mentioned in the first paragraph of this Article.

The supervised subject shall assist the Authority and its administration by:

- a) providing them with the necessary means for inspection if so requested, and responding to the questions inside the facilities of the Authority;
- b) appointing, from its staff, the contact persons that will help out in the process of inspection;
- c) ensuring free access into the building;
- ç) making available all the accounts, commercial documentation, and any other necessary documentation to determine the facts and circumstances related to the case for which the

inspection is taking place;

- d) after a preliminary request, ensuring and making available photocopies of the

accounts and other documents, where it must be put in writing in capital letters: “the same with the original” and the date and signature of the person authorized by the inspected subject.

The final report for each inspection is prepared in two copies, and is signed by the staff of the Authority in charge with the inspection, and is submitted for countersignature to the person that represents the supervised subject.

CHAPTER IV

THE ADMINISTRATION OF THE SUPERVISORY AUTHORITY

Article 20

Organization and Obligations

The activity of the Authority is supported by an administration which operates in compliance with the internal regulation of the job description of the Authority’s administration, and the other regulations related to the operation of the administration, which are approved by the Board in accordance with the proposal of the Executive General Director.

Labour relations of the Authority staff shall be governed by the provisions of the Labour Code and the Authority’s Acts.

The following individuals cannot be employed in the structures of the Authority:

- a) individual criminally charged with a decision of the court of the final verdict;
- b) shareholders in supervised subjects;
- c) members of executive or control entities of the supervised subjects during the last 2 years;
- ç) individuals with family links with the persons mentioned in letter “c” of this article, with members of the Board, or with other staff of the administration who have hierarchical relations;
- d) individuals who work part-time or full time for the supervised subjects;
- dh) individuals who do not have a good reputation and have violated previously the ethic codes.

Article 21

Repealed

The internal rules regarding the level of salaries, monthly salary of the Authority’s employees, and remuneration are established by the Board with the proposal of the Chairperson, in accordance with the regulatory framework of the field.

CHAPTER V

DECLARATION OF CONFLICT OF INTEREST

Article 22

Conflict of Interest

The Members of the Board and the staff of the Authority shall declare their assets at the moment of the start of their duty, and further on in compliance with the legal provision in effect.

The Members of the Board do not participate in the procedures of discussion, voting and decision making in the cases when they have a direct or vested interest in the matter in discussion, which makes them bias in the official position.

The staff of the Authority does not participate in inspections of the supervised subjects if they have direct or vested interests in the matter for which the inspection is taking place, and which makes them bias in the official positions.

The Members of the Board and the staff of the Authority, in cases that fall under the second and third paragraphs of this Article must declare it in writing and withdraw from the review of the case.

When they are faced with a case determined in the second and third paragraphs of this article, and they have not made the relevant declaration and consequently have not withdrawn from the review of the case, the individuals are either released from duty or fired. This measure does not have an impact on the decisions adopted up until that moment.

CHAPTER VI

CODE OF ETHICS, PROFESSIONALISM AND CONFIDENTIALITY

Article 23

Code of Ethics and Professionalism

The members of the Board and the other employees of the Authority in the exercise in the course of their activity implement must comply with the code of ethics and the professional standards approved by the Board, according to the proposal of the Executive General Director.

In those instances when there is an observation of the violation of the code of ethics disciplinary measures are taken, up to the release or dismissal from duty.

Article 24

Confidentiality

The information which is made available to the Authority on the activity of the supervised subject, is classified as “confidential information” and the dissemination of such information

which might harm the commercial interest or the good name of the supervised subject is classified under confidential information.

Commercial information which has been obtained by the supervised subject, and the obligation for the publication of which is determined in this law or other legislation is not considered confidential information. Classification of information is done through internal regulations approved by the Board.

Members of the Board, the staff and the other employees of the Authority shall preserve and not disclose confidential information.

In those instances when there is a violation of the terms mentioned in this Article, administrative measures are taken up to the release from duty of the members of the Board, or firing of other staff of the Authority.

Article 25

Termination of Treatment as Confidential Information

Information which falls under the confidential category is no longer regarded as such, 3 years from the moment it has become available to the Authority. This deadline may be extended by a Board decision.

Exceptions regarding the compliance with the deadline determined in the first paragraph of this article are the cases when:

1. it is requested by the court authorities according to legal requirements ;
2. it is requested by the bank supervisory authorities or intelligent services according to the criteria and conditions determined in joint agreements;
3. it is requested by the supervisory authorities of other countries who have equal or similar activity with that of the Authority, based on joint agreements with the scope of exchange of information, and when these authorities ensure:
 - a) at least the same level of confidentiality for the information being forwarded;
 - b) have the authority and agree, that with the request of the Authority to make available the same type of information;
 - c) have justified reason for the requested information.

In the provision of this information shall apply the legal provisions regarding personal data.

The information obtained by the supervised subject may be given back to it at any time.

CHAPTER VII

FINANCING AND THE BUDGET OF THE AUTHORITY

Article 26

Funding and Budget

The Authority shall be an independent institution and shall be funded by its own resources.

The revenues of the Authority shall be generated from:

- (a) fees collected pursuant to this Law and the legislation in force;
- (b) penalties imposed pursuant to this Law and the legislation in force, including penalties on late payment of fees, as specified in Article 27 of this Law;
- (c) leasing of premises owned by the Authority;
- (ç) investment in bank deposits or Republic of Albania Government securities;
- (d) other sources and activities allowed by this Law or the legislation in force. The revenues of the Authority shall be used to:
 - (a) cover the expenses made by the Authority to perform its responsibilities laid down in this Law or the legislation in force;
 - (b) make investments or implement projects to perform its responsibilities laid down in this Law or the legislation in force;
 - (c) to establish and maintain the reserve fund. For the purposes of this Law, the “reserve fund” shall mean the fund to which the positive difference between revenues and expenditures of the current year is allocated and which is used to cover a negative difference between revenues and expenditures in the current year. The allocations to the reserve fund shall be made until that fund reaches the average six-month level of the Authority budget for the past three years..

Article 27

Setting Fees for the Supervised Entities

The Authority shall collect the following from the supervised entities:

1. Fees for licence application, granting and renewal, approvals and authorizations, in accordance with the provisions of this Law, the legislation in force or Authority regulations.
2. Fees for the supervision of the supervised entities that are licensed by the Authority.
3. Fees for specific projects from which supervised entities benefit. The revenues from those fees shall be used only to finance and maintain those projects.

The fees for the supervision of supervised entities shall be set at 1.5 percent of:

- (a) the volume of gross written premiums from the non-life insurance and reinsurance activity;

- (b) the volume of gross written premiums, less the item-lines of annual savings, from the life assurance and reinsurance activity;
- (c) total amount of assets of pension funds and collective investment undertakings;
- (ç) total volume of annual transactions carried out on stock exchanges or on regulated markets;
- (d) indicators selected as a basis in this Law, the legislation in force or Authority regulations in the case of the rest of supervised entities that are not referred to in Points (a) to (ç) of this Paragraph.

The final reconciliation of the payable supervision fees shall be made within one month from submission to the Authority of the audited financial statements of the supervised entities or from submission of final annual financial statements in the case of entities that are not subject to the statutory audit obligation.

The fees paid by supervised entities shall be calculated as deductible expenses for tax purposes when they meet the conditions laid down in Article 20 of Law No. 8438 of 28 December 1998 “On Income Tax”, as amended. When the reserve fund is at the level specified in Article 26(c) of this Law, any excess amount remaining from the annual revenues of the Authority shall be recognised and recorded as amounts paid in advance from supervised entities for the following period, distributing it proportionately according to their contributions.

CHAPTER VIII

ACCOUNTING AND CONTROL OF THE AUTHORITY

Article 28

Reporting and Control

Within April of the successive year, the Authority submits to the parliament:

- 1. the annual report of its activities ;
- 2. declaration of the annual financial position; and
- 3. the report on the realization of the budget plan.

The annual report of the Authority regarding its activities, in addition to other information that may be requested by the parliament shall contain the following information:

- a) the suitability of the legal infrastructure of the financial market supervised by the Authority;
- b) decisions regarding the licenses, approvals and other individual administrative acts issued in compliance with this law, refusal of issuing licenses or other requests that have been submitted to the Authority, registrations in the records, decisions appealed by the Board and in detail the claims supported by the decisions of the court;
- c) results of the inspections carried out on the supervised subjects;
- d) public information policies, and those of domestic and international cooperation;

- e) organization, financing and policies regarding the selection of the staff of the Authority;
- f) other data in accordance with the decision of the Board.

The Authority submits to the Parliament any type of information and documents upon the request of the latter regarding its activities.

CHAPTER IX

RECORDS OF THE AUTHORITY

Article 29 **Records**

The Authority keeps open records for the public regarding:

1. companies that exercise activities in the securities market (stock exchange);
2. public companies and issuers of securities;
3. investment companies;
4. companies that administer investment funds; and private institutions of pensions;
5. investment funds;
6. securities dealers and; investment advisors
7. insurance companies;
8. insurance agents;
9. companies that exercise activities as private pensions institutions.

The Board, in accordance with the proposal of the Executive General Director, approves other records and procedures regarding initial recording, maintaining and keeping of records, as well as the procedures that ensure the proper functioning of the registry as a full-fledged information system.

CHAPTER X

FINANCIAL STABILITY ADVISORY GROUP (FSAG)

Article 30 **FSAG Operation**

The consultative group of financial stability, hereinafter referred to as GKSF- FSAG is established as a consultative entity to:

1. Provides assistance in the development of mutual policies, and coordination of the actions of the members of the council when it becomes necessary to carry out inspections over the supervised subjects;
2. Ensures exchange of information amongst the members of the group;
3. assists in safekeeping, stability and development of the financial markets in the Republic of Albania;

4. Assists in improving and increasing the efficiency of the control over the participants in the financial markets.

Members of GKSF are:

- the Minister of Finance;
- The Chairperson of the Board of the Authority;
- The Governor of the Bank of Albania.

With the invitation of the GKSF, in its meetings may also participate the chairman Chairperson of the Parliamentary Economic Commission, and other persons.

The GKSF gives to each of the representatives recommendations, and proposals that aim in the improvement of practices of filling in and expanding the legal infrastructure of the financial markets.

Every member of GKSF enjoys the right to convene e meeting of the GKSF.

The meetings of the GKSF are chaired by the Minister of Finance. The first meeting of the GKSF is convened by the Minister of Finance within 3 months from the date of effectiveness of this law.

CHAPTER XI

ADMINISTRATIVE SANCTIONS

Article 31 **Penalties**

Any individual who prevents the Financial Supervisory Authority and its structures or the authorized staff of its administration in the exercise of their supervisory powers determined in this law or any other act, are penalized with a fine ranging from Albanian Lek 50.000 to 75.000 if the violation does not constitute a crime.

In case of a recurrence of the violation the amount is increased from Albanian Lek 80.000 to Albanian Lek100.000

Any violation according to the first paragraph of this Article by individuals who are shareholders or partners of the legal entity and have managerial functions of the legal entity or are partners of the commercial company will receive a fine from100.000 to125.000, and in case of a recurrence of the violation the fine ranges from Albanian Lek 130.000 to Albanian Lek 150.000.

The notice of the taken decision shall be signed by the Executive General Director. The appealing of the decision via the courts does not hinder the execution of the decision of the Board.

CHAPTER XII
THE POWERS OF THE AUTHORITY
FOR THE ENFORCEMENT OF THE ADMINISTRATIVE SANCTIONS

Article 32
Application of Administrative Measures

The Board in order to prevent or suspend the violations of the law and the by-laws, to prevent or stop severe consequences of the violations of the law, and in case of hindrances in the course of the supervisory activity of the Authority may take decisions for the supervised subject. The orders shall contain the method that needs to be pursued by the supervised subject to correct the situation or to prevent the damages. The order contains the deadlines for the appropriate changes

to take place or for the correction of actions as well as it may determine an obligation to change the administrators or managers in cases of law infringement.

The Authority may inform the public regarding the measures it has taken complying with the first paragraph of this Article.

CHAPTER XIII
TEMPORARY PROVISIONS

Article 33
Termination and Transfer of the Powers

On the date this law enters into force, the decision-making competencies powers of the following cease to exist:

1. the Albanian Securities Commission established by Law no.8080 dated 01.03.1996 “On securities”, amended;
2. the Insurance Supervisory Authority established by Law no. 9268 “On the organization and functioning of the Insurance Supervisory Authority”, amended.
3. the Inspectorate for the Supervision of Voluntary Private Pensions’ Institutions established by Law no. 7943, dated 1.6.1995 “On Voluntary pensions and private pensions institutions”, amended.

The means, income sources, archives, liabilities and other competencies of the Albanian Securities Commission, Insurance Supervisory Authority, and Inspectorate of the Supervision of Voluntary Private Pension’s Institutions are included in the assets, archives, liabilities, and the powers of the Financial Supervisory Authority. This process is closed at the moment of the merger of the administration of the Albanian Securities Commission, Insurance Supervisory Authority, and Inspectorate of Supervision of Voluntary Private Pensions’ Institutions.

The fees exercised from the three authorities remain in power and are implemented by the Authority until the approval of fees according to Article 27 of this Law.

Article 34¹

Appointment of the members of the First Board

Within 5 days this Law enters into force, the institutions submit to the Parliament proposals for the members of the Board.

Within 10 days from receiving the proposals, the parliament appoints the members of the Board.

The appointment of the members of the first Board takes place according to the following deadlines:

1. the Chairperson- 5 years
2. one of the Deputy Chairpersons- 5 years, and the other 4 years according to the definition in the appointment decisions;
3. the other members respectively; the first - 5 years; the second - 4 years, and the other two members - 3 years, in line with the definition in the decisions for their appointments.

The Chairperson of the Board convenes the first meeting of the Board within 7 days from entry into force of this law. The first meeting of the Board is organized with the call of the Chairperson in a defined place.

Article 35²

Termination Cessation of functions and merges of administrations of the Albanian Securities Commission, Insurance Supervisory Authority, and of the Inspectorate of the Voluntary Private Pensions' Institutions

With the entry into force of this Law it ceases to exist the decision-making bodies of the Albanian Securities Commission, Insurance Supervisory Authority, and Inspectorate of Voluntary Private Pensions' Institutions. This Law terminates the mandate of the selected or appointed members in the decision-making bodies of these institutions.

Licenses and other individual administrative orders issued until before this Law has entered into force from the institutions mentioned in the paragraph 1 of this Article, remains into force.

Within 2 (two) months from entering into force of this law, it will be merged the administrations of the Albanian Securities Commission, Insurance Supervisory Authority and Inspectorate of Voluntary Private Pensions' Institutions. During this period, the Chairperson, according to the procedures approved by the Board starts the recruitment of the staff and other employees of the Authority, giving priority to the individuals already employed in these institutions.

During this period, the persons that in these administrations exercise executive functions have no decision-making powers. They are responsible for the delivery to the Chairperson of the Authority, the means, income sources, archives and other liabilities determined in the last paragraph of Article 33 of this law.

The staff employed in the administration of the Albanian Securities Commission, Insurance Supervisory Authority, and Inspectorate of Voluntary Private Pensions' Institutions, who are not

recruited by the Authority, are eligible to benefit from the rights spelled out determined in the Law “On the status of the civil servants”.

Article 36³

Establishment of salaries, remuneration and structure for the first financial year

For the first year of the activity, the structure of the Authority, the salary of the Chairperson, the Deputy Chairpersons and remuneration of other members of the board for the year 2006 shall be decided by the Council of Ministers, within 7 days from entering into power force of this Law.

Article 37⁴

The Budget of the Authority for the First Financial Year

The budget of the Authority for 2006 is drafted based on the budgets of the Albanian Securities Commission, Insurance Supervisory Authority, and Inspectorate of Voluntary Private Pensions’ Institutions.

The Minister of Finance is in charge of making the changes regarding the preparation of the budget of the Financial Supervisory Authority for 2006.

CHAPTER XIV

FINAL PROVISIONS

Article 38

Terminology

In this law the terms have the same meaning as the laws that regulate each of the supervised financial markets, which are subject to the supervision of the Authority.

In this law titles means “securities”.

Article 39⁵

Drafting of the regulations of the Authority

The Board within two months from the date of the beginning of its first meeting, drafts and approves the rule determined in the fourth paragraph of Article 9 of this Law.

The Board within 6 months from the date of the beginning of the work drafts and approves other rules regarding the daily administration of the institution.

Article 40

Repealed Provisions

Law no. 9268 dated 29.07.2004 “On the organization and functioning of the Insurance Supervisory Authority” is repealed.

The by-laws in line compliance with Law no. 8080 dated 01.03.1996 “On securities”, amended; Law no. 9267 dated 29.07.2004 “On activities of insurance, re-insurance and intermediaries in insurance and re-insurance”, amended; and Law no. 7943, dated

01.06.1995 “On Voluntary pensions and private pensions’ institutions”, amended by the Council of Ministers and which conflict this law are repealed.

The by-laws approved by the authorities regulated by the laws determined in the paragraph 2, within 6 months from entering into force of this Law are repealed.

The Board of the Authority, within 6 months from entering into force of this law, reviews and approves all by laws which were approved before from the regulatory authorities of the laws mentioned in paragraph 2 of this Article.

Article 41

Amendments to Law no. 8080 dated 1.03.1996 “On securities”

In the law 8080, dated 1.3.1996 “On Securities” the following

Changes are made:

1. the word “Commission” is substituted with “Authority”;
2. Chapter II and X are repealed;
3. Paragraphs 2, 3 and 4 of Article 64 are repealed;
4. Article 67 is cancelled.

Article 42

Changes to Law no. 7943, dated 1.6.1995 “On Supplementary Pensions and Private Pensions’ Institutions”

In the Law no. 7943, dated 1.6.1995 “On Voluntary Pensions and Private Pensions Institutions” should be made the following changes:

1. Paragraphs 4 and 5 of article 1 are repealed;
2. in paragraph 10 of article 1 of Law no. 7943, dated 1.6.1995 “On Voluntary pensions and private pensions’ institutions”, and anywhere else used, the term receiving deposits shall be replaced with depository;
3. in Article 19 the word inspectors is replaced with the appointed staff;
4. in Law No. 7943, the word permit is used shall be replaced with the word license;
5. the word Inspectorate to be replaced by the Authority;
6. Chapter XI is repealed.

Article 43

Entry into force

This law enters into force 15 days after it is published on the Official Gazette.

Announced by Decree No. 4988, dated 21.07.2006 of the President of the Albanian Republic, Alfred Moisiu

Article 24
Transitional Provision

The Chairperson of the Board, Deputy Chairpersons and the other members who have been appointed prior to entry into force of this Law shall continue to be in office until the appointment of the new Board.

Within two months from entry into force of this Law, the Parliament shall approve the new members of the Board.

The new organizational structure and the regulations with the job descriptions and separation of functions shall be adopted within one month from the configuration of the new Board.

The new members of the Financial Supervisory Authority Board who have been appointed pursuant to the provisions of this Law shall be in office for the following terms, as an exception only in their first mandate:

- (a) Chairperson – four years;
- (b) Executive General Director – five years;
- (c) Executive Deputy Director – four years;
- (ç) Other members – three years.

Article 25

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

THE SPEAKER

ILIR META

Adopted on 29 May, 2014