



LAW

No. 9879 of February 21, 2008

ON SECURITIES

Pursuant to Articles 78, 83 Paragraph 1 of the Constitution, upon the Council of Ministers' proposal

THE PARLIAMENT OF THE REPUBLIC OF ALBANIA

DECIDED

PART ONE

CHAPTER I GENERAL PROVISIONS

Article 1 Scope

This Law shall determine types of securities, regulate the manner of and conditions for issuance, trading and registration, identification and performance of transactions in securities and persons and individuals authorized to perform transactions with securities, the conditions for the organization of the public trading of securities, the protection of investors and the securities-right holders, and the conditions for dematerialized securities, the organization and functioning of securities registries, exchanging and regulation of the securities market.

Article 2 Application

This Law shall also apply to the regulation of investment services, to the opening and closing of financial instrument trading process, to the completion of future financial transactions, to financial analyses and to changes in the percentage of voting rights held by shareholders of listed companies.

The provisions of this Law on market price manipulation as well as the analyses of financial instruments shall also be applicable to actions and omissions performed outside of the Republic of Albania, to the extent that they affect the trading in financial instruments on a securities market in the Republic of Albania.

Article 3

Securities by Legal Form

Securities are financial instruments that are issued and traded with the goal of making a profit through the management of the rights deriving from owning them. The term “Security” shall include, without limitation, shares, corporate and local government bonds, treasury bills and Albanian government bonds, Securities issued by the Bank of Albania, commercial papers, investment fund shares or stakes, and other financial instruments that are comparable to shares and bonds and are regarded as such by the Financial Supervision Authority, which was established and operates as per Law No. 9572 of 03.07.2006, “On the Financial Supervision Authority” (hereinafter called “the Authority”).

Article 4

Securities by Legal Relationship

Securities can be stock securities, debt securities, derivatives, and investment or pension fund shares or stakes.

Equity securities are securities that prove rights and obligations related to a share of the authorized capital of the joint-stock company.

Debt securities are instruments that prove rights and obligations related to the debtor-creditor relationship between the issuer and the security owner.

Investment fund shares or stakes are securities that grant rights and obligations related to a part of the investment fund capital.

Pension fund shares are securities that grant rights and obligations related to a part of the investment fund capital.

Article 5

The Right to Issue Securities

Securities, called “papers with value” in other laws, shall be issued by the Council of Ministers as represented by the Ministry of Finance, the Bank of Albania, local governments, corporations and other legal entities (hereinafter called “issuers”).

Article 6

Securities Transfer and Registration

Securities shall be registered in specialized centers for the registration of securities, which shall be organized in line with this Law and licensed by the Authority to operate as securities registries.

Securities shall be issued, transferred and kept as electronic records at securities registries, in the way prescribed in this Law and as per the rules adopted by the Authority.

CHAPTER II DERIVATIVES

Article 7 Derivative Financial Instruments

For the purpose of this Law, derivative financial instruments shall be rights owned by a person, the price of which directly or indirectly depends on the price of securities, foreign currency exchange rate, stock exchange indices or interest rates, and which shall not constitute securities as prescribed by Article 2 of this Law.

Derivative financial instruments shall be standardized and non-standardized financial instruments.

Standardized financial instruments shall be:

- 1- derivative financial instruments that are traded in an organized derivative market, or
- 2- derivative financial instruments that confer equal rights to their holders.

For the purpose of this Law, standardized financial instruments shall be options and futures.

The Authority shall approve the template option contract and template futures contract.

The Authority shall adopt rules about the organization and functioning of over-the-counter trading.

Article 8 Option Contract, the Notion

An option contract shall be a contract for future sale of securities under which one of the parties to the contract acquires a right, but not an obligation, to buy or sell the underlying security at a previously agreed price, each business day until the expiration of the agreed period, whereas the other party undertakes an obligation to deliver or pay for the agreed underlying security, at the request from the option holder.

Depending on the right the option contract confers to its holder, an option can be a call option or a put option.

Article 9 Futures Contract, the Notion

A futures contract is an agreement to sell in the future, under which one of the parties to the agreement undertakes an obligation to deliver the underlying security, whereas the other party undertakes to pay the previously agreed price.

Article 10 Public Offering of and Trading in Options and Futures

Public offering of and trading in option and futures contracts shall be performed as per the rules that have been adopted by the Authority with the purpose of regulating the trading in derivative financial instruments.

Article 11
Transferable Securities

Transferable securities shall be:

- (a) Shares, debt securities and other securities that are comparable to shares and debt securities;
- (b) Contracts or the rights to signing them, purchase or acquisition of securities referred to in item (a) of this paragraph.
- (c) futures and options and financial contracts that are related to securities referred to item (a) of this Article in cases when these are allowed to be traded in a securities market, which is regulated and supervised by the Authority.

CHAPTER III
TYPES OF TITLES

Section I
Shares

Article 12
Share

The notion and types of shares, the method of acquiring shares and the content of the share issuance act shall be regulated as per the Law on Companies.

Article 13
Elements of Electronic Records of Shares

Electronic records of shares in the securities registries shall contain the following data:

- 1. Type of the shares;
- 2. Issuance date;
- 3. Name, head office and registration number of the issuer in the Company Register;
- 4. Shareholder:
 - a- for individuals: name, home address and Birth certificate or passport number,
 - b- for legal entities: name, head office and Commercial Registry number;
- 5. Number of issued shares;
- 6. Nominal value of issued shares;
- 7. Date of entry of the shares in the share registration center.

Article 14
Issuers' Obligations Regarding the Registration of Shares

The issuer shall register shares at the registry, in the manner and procedure as set forth by the Authority.

Article 15
Issuer's Obligations Regarding Notification of Transfer of Shares

Issuers of shares and the registry shall notify the Authority of any transfer of voting shares, immediately or cumulatively over a period no longer than 12 months, equivalent of at least 5 % of the authorized capital of the joint stock company.

Issuers of shares shall inform the Authority about the following:

- a- persons related to the new shareholder,
 - b- persons having an agreement with the new shareholder, which gives those persons control of at least over 20% of voting shares,
 - c- if the new shareholder is a controlled company or a subsidiary of another company,
 - d- companies under the control of the new shareholder; and
 - e- persons related to the stock through inheritance up to the second degree.
- Related persons are defined in the Law on Companies.

Section II
Bonds

Article 16
Bonds, the Notion

A bond is a medium-term or long-term debt security binding the issuer to pay the bond owner, on a determined date, the nominal value and the interest of the bond, in one or in more installments.

Article 17
Bond Issuance Act

The bond issuance act shall be approved by the issuer's authorized body.

The bond issuance act shall contain the following elements:

1. Name and seat of the issuer;
2. Total amount of the issue;
3. Nominal value of the bond;
4. Data about the guarantor;
5. Manner of bonds issuance and subscription;
6. Purpose for which the bond issuance proceeds are used;
7. Type of the bonds and rights conferred by them;
8. Maturity for payment of the nominal value of the bond and the interest;
9. Amount of interest and manner of calculation and payment of interest;
10. Amount of the issuer's authorized capital and the percentage of the issue of bonds in the equity;
11. sources of funds for the repayment of the bonds;
12. structure and number of bonds;
13. convertibility into other types of securities;
14. The selling price of the bonds.

The bond issuance act may include special privileges or benefits for the buyers.

Article 18

Types of Bonds

Bonds may be classified:

- 1- by the method of securing the rights:
 - a- secured; and
 - b- unsecured.
- 2- by the method of exercising the right on interests:
 - zero-coupon bonds, which are bonds that pay interest immediately, and
 - bonds with coupons, which are bonds that pay interest in installments;
- 3- by interest:
 - a- bonds with no interest rate,
 - b- fixed-interest bonds, and
 - c- bonds with floating interest rates;
- 4- by the method of exercising the right to redeeming the nominal value:
 - a- bonds redeemable in one installment, and
 - b- bonds redeemable in several installments;
- 5- by special rights:
 - a- participating bonds, which are bonds conferring their holders the right to also receive dividends,
 - b- bonds that are convertible to shares, or
 - c- convertible bonds conferring their holders preemption rights to purchasing shares.

Article 19

Bond Elements

When bonds are entered as electronic records, they shall contain the following elements:

1. the type of bond;
2. series of the bonds (in cases where the issuer has issued more than one series of the same type);
3. date of issuance of bonds;
4. Name, seat and registration number of the issuer in the Company Register;
5. holder of the bonds
 - a- for individuals: name, address and birth certificate or passport number,
 - b- for legal entities: name, seat and Commercial Register registration number;
6. Nominal value of the bonds;
7. interest;
8. schedule and manner of payment of interest; and
9. date of entry of the bonds at the register.

Section III
Treasury bills, commercial notes and government bonds

Article 20
Treasury Bills and Commercial Notes, the Notion

Treasury bills and commercial notes are securities binding their issuer to pay their holders the interest within the maturity period and the nominal value on the maturity day.

Article 21
Issuers of Treasury Bills and Commercial Notes

Treasury bills shall be issued by the Ministry of Finance on behalf of the Government of Albania, while commercial notes shall be issued legal entities.

Treasury bills and commercial notes are short-term securities.

Article 22
Government Bonds, the Notion

Government bonds shall be securities with a longer term than one year from their issuance date, issued by the Albanian State as represented by the Ministry of Finance.

Article 23
The Act for the Issuance of Treasury Bills, Commercial Notes and Government Bonds

Issuance acts for treasury bills and commercial notes shall be approved by the issuer's authorized body.

Article 24
Contents of the Issuance Acts for Treasury Bills, Commercial Notes and Government Bonds

The issuance acts for treasury bills, commercial notes and government bonds shall contain the following elements:

1. aggregated value of the issue and the nominal value of each security;
2. the purpose for which the proceeds from the issue will be used;
3. method of issuing the securities;
4. interest rate.
5. the maturity dates.

Article 25
Elements of Electronic Records for Treasury Bills, Commercial Notes and Government Bonds

Treasury bills, commercial notes and government bonds that are kept as electronic records at securities registries shall contain the following elements:

1. Type of the securities;
2. series of the securities, in cases where the issuer has issued more than one series of the same type;
3. the date of issuance ;

4. name, head office and individual identification number of the issuer;
5. the owner of the securities;
6. Nominal value of the security;
7. interest;
8. schedule and manner of payment of interest; and
9. date of entry of the securities at the issuer and at the Register.

Article 26
Purchasers of Treasury Bills, Commercial Notes and Government Bonds

Treasury bills and government bonds can be purchased in the primary market by banks, financial institutions and institutional investors, and they can be sold and purchased in the secondary market by legal entities and individuals.

Commercial notes can be purchased by legal entities and individuals in the primary market.

Treasury bills, government bonds and commercial notes can be freely sold and purchased by legal entities and individuals in the secondary market.

PART TWO

CHAPTER I
ISSUANCE OF SECURITIES

Article 27
Issuance of Securities, the Notion

Securities shall be issued through a public or private offer in the Republic of Albania or abroad.

Public offer of securities shall be a publicly announced invitation to subscribe securities, on the mass media, addressing an indefinite number of people.

Private offer of securities shall be the issuance in which the offer to subscribe securities has been extended only to institutional investors, issuer's shareholders or employees and up to 100 external investors, who address the issuer directly.

Institutional investors shall be investment funds, pension funds, insurance companies and foreign or domestic legal entities whose status as institutional investors has been certified by an Authority's decision.

External investors shall be any foreign or domestic individuals or legal entities that are not issuer's shareholders or employees or institutional investors.

Article 28
Obligation to Prepare a Prospectus

When the issuer issues securities in the Republic of Albania, it shall publish a prospectus on the public offer for sale of securities, or it shall submit a prospectus to the potential investors. In addition to the invitation to subscribe securities, the prospectus shall contain full, accurate and objective information about the issuer's assets and liabilities, profit and loss, financial situation and prospects, the purpose for which the proceeds will be used, risk factors and the rights conferred by the securities that fall into the scope of the prospectus, on which basis investors can make an objective assessment of investment prospects and risks, and make decisions about the investment.

Article 29

Mandatory Content of the Prospectus

The prospectus shall contain:

A- the data on the securities the prospectus is published for and on the manner and conditions of their issuance, including:

- 1- the type and characteristics of the titles, their total number, and description of the rights contained therein;
- 2- A brief summary of the major features and risks for the security holder, the guarantor offered securities.
- 3- the starting date of underwriting, the underwriting and payment period;
- 4- description of the method of security distribution if more securities are underwritten than issued;
- 5- name, seat and business address of the guarantor, if any;
- 6- name, seat and business addresses of persons guaranteeing the obligations of the issuer with respect to the security;
- 7- names and addresses of institutions through which the issuers shall meet their financial obligations to security owners;
- 8- the price of, or the method of pricing, securities,
- 9- the procedure for exercising the pre-emption right and payment,
- 10- the purpose the issuer intends to use the proceeds for.

B) data on the issuer of securities as follows:

- 1- name of company, seat, business address, date of establishment of the legal entity, legal form, company registry numbering the National registration Center;
- 2- amount of the subscribed capital and paid-in capital, and detailed data on the starting capital if it is a joint-stock company;
- 3- if it is a subsidiary or a company controlled by another company, the data on that company;
- 4- a list of shareholders owning over 5% the total number of votes in the general meeting, indicating the percentage of votes belonging to each of them.

C) data on the issuer's activity as follows:

- 1- a description of the object of the issuer's activities and possible, extraordinary circumstances, which have influenced or are influencing the performance of some of those activities;
- 2- reliance on patents and licenses belonging to others or other contracts with third parties, which are of major significance to the conduct of issuer's business;
- 3- data on major investments in progress;
- 4- basic data on current litigations or court order executions that may have a significant effect on the issuer's financial position;
- 5- risk factors the issuer is exposed to and can influence the exercise of rights deriving from the securities the prospectus has been prepared for, and their market price.

D) The following data on issuer's assets and debt, financial position and profit or loss, for the previous three years and for the current year especially including the last quarter, unless the issuer has not been in business that long:

- 1- individual financial statements and consolidated financial statements if any; if the issuer prepares only consolidated statements, they must be included in the prospectus, and if the issuer prepares both individual and consolidated financial statements, it shall include them both in the prospectus. The data in the various statements shall be shown in tables, which makes it possible to compare the various items for successive financial years;
- 2- name of the auditor that has certified the financial statements, and if that person has refused to carry out an audit or sign it or has given a qualified opinion, those facts must also be given, including the reasons.

E) data on members of the issuer's decision-making, supervision or executive bodies, as follows:

- 1- full names of the members of the issuer's decision-making, supervision or executive bodies or other bodies of the issuer regardless their positions in its structure and bodies, and the positions those persons have in those bodies;
- 2- if the prospectus is produced for shares, it shall include the supervision board and management members' curriculum vitae and their incomes earned from their work for the issuer;

F) The following statement from the persons signing the prospectus:

1-"To the best of our belief and in keeping with all our knowledge and the data we possess, we declare that all the data in this prospectus constitute a full and truthful presentation of the assets and liabilities, profit and loss, the financial position and operations of the issuer, the rights contained in the securities to which they pertain, and that facts or data have not been omitted which might influence the completeness and truthfulness of this prospectus."

- 3- The prospectus shall be signed by the legal representative(s) of the issuer, or by all the members of the respective management board of the issuer. Reasons shall be included in the prospectus for which certain members have not signed it. The prospectus may also be signed by other persons that have participated in the collection or processing of the data for the prospectus.

Article 30 **Approval of the Prospectus**

Before publishing the prospectus or delivering it to potential investors, the issuer shall submit it to the Albanian Financial Supervision Authority for approval. The issuer shall attach the following to the approval application: the prospectus, the securities issuance act and other documentation prescribed by this Law or otherwise required by the Authority.

The prospectus shall be published and delivered to potential investors only after it has been approved by the Authority.

Following receipt of application, the Authority shall verify that the prospectus contains all the data listed in Article 29 of this Law. The Authority shall check neither the completeness and truthfulness of the information stated in the prospectus nor the lawfulness of the securities issuance act nor the content of other attached documents. By way of a derogation from the provisions laid down in this paragraph, if it is evident from the application or attached documentation, or if the Authority has information that significant facts and circumstances exist which should undoubtedly be stated in the prospectus, the Authority shall require the issuer to supplement the prospectus accordingly.

If all the documentation prescribed in this Law has been attached to the application and if the prospectus contains all the data pursuant to the provisions laid down in Article 29 of this Law, the Authority shall approve the prospectus by rendering a decision.

If within 15 working days from the date of filing the application and documentation, the Authority fails to make a decision to approve or reject the prospectus, it shall be considered that the Authority has approved the prospectus.

In the case of the Authority requesting additional complete documentation, the period referred to in the above paragraph shall start from the date when the issuer submits the additional documentation to the Authority and is 15 working days.

The Authority shall prescribe the application form and the content of the documentation that is attached to the Prospectus approval application and the service charges for processing the information.

Article 31

Liability for the Content of the Prospectus

The Authority shall not be held liable for the accuracy of the data disclosed in the prospectus, but through its decision, the Authority shall only confirm that the prospectus has been filed as per the law, that it contains all the data prescribed in this Law and that it can be published.

The issuer and persons who have been found to have used the prospectus for covering up or distorting important facts shall be held completely liable for the completeness and accuracy of the data contained in the prospectus, within the limits of their knowledge or assumed knowledge of the undeclared information deriving from their positions with the issuer.

Article 32

Publication of Prospectus

Within 30 days of receipt of the decision approving the prospectus for the issuance of securities by a public offering, the issuer shall publish the prospectus in the official publication journal or in two daily newspapers with the largest edition.. In the case of a private offering, the issuer shall publish the prospectus by the aforementioned deadline in the form of an attachment to the invitation to subscribe the securities, which is to be sent to the potential investors.

The publication of the public offer Prospectus shall also include the address or addresses from where copies of the prospectus can be ordered free of charge.

In the case of a private offering, if the invitation to subscribe securities has been delivered to all the designated potential investors within 15 days, the issuer is not under obligation to publish the prospectus.

When securities are issued by a public offering, the prospectus shall be available to investors at the issuer's head office and in all the places where the underwriting for the prospectus related securities is performed.

The prospectus shall be published and made available to potential investors before a possible acceptance of the obligation to subscribe and before the subscription of securities. The investor shall not be held liable for a possible acceptance of the obligation to subscribe or for performance of the subscription of securities before the publication or delivery of the prospectus.

If the issuer does not publish the prospectus within the period referred to in paragraph 1 of this Article or if he does not deliver it to the potential investors within the period referred to in paragraph 2 of this Article, the Authority's decision of approval of the prospectus shall be repealed.

Article 33

Modification of the Prospectus

The issuer shall state or correct in the modification of the prospectus every fact that arises or which the issuer learns after the Authority has approved the prospectus until the end of the securities subscription period. The issuer shall file with the Authority an application for approval of the modification of the prospectus and attach to it the modified prospectus within 24 hours of identifying the new facts, immediately, or at least within three working days.

Within seven working days of receipt of the application, the Authority shall review the application for the modification of the prospectus.

If the Authority approves the modification of the prospectus or does not render a decision about the application within the period referred to in paragraph 2 of this Article, the issuer shall publish the modification of the prospectus on the next working day in the same way as the original prospectus was published.

Article 34

Private Offering of Securities

If securities are offered by a private offering of securities, the issuer shall, in the securities issuance act, list the names of the potential investors to whom he will send the invitation to subscribe the securities as well as the form and the amount of their investments.

In the case of a private offering of securities, the prospectus shall contain the data referred to in Article 29 of this Law. The data concerning property and debt, the financial position and profit or loss referred to in Article 29, item D, shall relate only to the previous and the current financial years, inclusive of the last quarter that precedes the filing of the application for approval of the prospectus.

In the case of a private offering of securities, the securities issuer shall communicate with potential investors by delivering the offer to the investor's address.

Article 35

Subscription and Payment of Securities, and Reporting to the Authority

Subscription and payment of securities under a public offering shall not exceed three months from the day on which the issuer has been informed about the Authority decision. In the case of a private offering, this period shall not exceed thirty days.

During the settlement of securities, the issuer shall deposit the paid-in amounts in a special account opened at the bank in which the investor has an account for this kind of operations.

If within the periods set forth in paragraph one of this Article at least 75% of the securities remain unsubscribed and unsettled, and in the case of private offering 90% of the securities remain unsubscribed and unsettled, the issuer shall not be allowed to issue the securities and shall refund paid-in amounts to the investors within seven days upon the expiry of the period for the settlement of the securities.

Within seven days upon the expiry of the period for settlement, the issuer shall notify the Authority of the number and percentage of the securities that have been subscribed and paid for and of the persons who have subscribed and paid for them. The Authority is also authorized to require from the issuer other data concerning the subscription and payments pertaining to that particular issue of securities.

The subscription and payment of securities after the expiration of periods referred to in paragraph 1 of this Article shall be void.

Article 36 Issuance of Short-Term Securities

The provisions of this Law shall also apply to the issuance of short-term securities.

Short-term securities shall not be issued with a maturity deferment clause through the issuance of a new series of securities.

Issuers of short-term securities shall not be under obligation to produce a prospectus, but they shall notify in writing the Authority about the issue and the main characteristics of short-term securities. The issue shall be considered as executed at the end of the last day of the period within which the payment of securities in question has to be made.

The notice referred to in the previous paragraph in this Article shall contain:

1. data on the securities, subscription and payment;
2. data on the issuer of securities;
3. data on the issuer's responsible persons.

Article 37 Issuance and Listing of Securities in the Stock Exchange Issued by a Public Offering

The issuer shall issue the securities that are offered by a public offering for subscription in the form of dematerialized securities, as per the provisions of this Law, and list them in a stock exchange quotation within one month from the day of issuance.

Article 38 Foreign Issuers

A foreign issuer shall be a securities issuer whose seat is registered outside the Republic of Albania.

A foreign issuer may issue securities in the Republic of Albania by a public offering only through an authorized company that the foreign issuer has engaged to act as an issuing agent.

The authorized company may be a stockbroker company or a bank that has received from the Authority the license to perform securities transactions.

The application for approval of the prospectus of the issue of securities of a foreign issuer shall be filed on behalf of the foreign issuer by the authorized company referred to in paragraph 3 of this Article. An agency or underwriting contract between the foreign issuer and the authorized company shall be attached to the application.

The Authority may approve the publication of the prospectus of a foreign issuer although the application does not include all the prescribed attachments or the application does not contain all the prescribed data prescribed in this Law if:

- a- the authorized company referred to in paragraph 3 of this Article should prove that pursuant to the legislation in the issuer's country, these attachments and data cannot be furnished, and if the Authority considers that this will not lessen the potential investor's capacity of making an objective assessment of the prospects and investment risks and of making a decision concerning the investment,
- b- the authorized company should prove that pursuant to the legislation of the European Union member state where the issuer of securities is domiciled, these attachments and data are not required for approval of publication of a prospectus.

The Authority may approve the publication of a prospectus of a foreign issuer issuing securities with a public offering simultaneously in the Republic of Albania and in a European Union member state or USA, if the publication in that particular European Union member state has been approved by the relevant body, or the Authority may condition the approval by supplementing the prospectus with certain data prescribed by this Law.

The authorized company shall assure the Authority that the data contained in the foreign issuer's prospectus are correct and complete.

Article 39 **Issuance of Securities outside the Republic of Albania**

An issuer intending to issue securities on a foreign market shall previously notify the Authority of the intended issue characteristics.

The notice referred to in paragraph 1 of this Article shall contain the data listed in Article 37 paragraphs A) and B) of this Law and the data on the methods of securities clearing and regulation.

Within eight days of the expiration of the period for subscription and payment of securities issued outside the Republic of Albania, the issuer shall inform the Authority about the number of securities subscribed and paid for.

Article 40 **Exceptions to the Mandatory Publication of a Prospectus**

The issuer is not obliged to produce a prospectus in the following cases when it issues shares for the following purposes:

1. increase the initial capital by using for this purpose the profit, reserves or the retained earnings into the initial capital of the company,
2. increase the initial capital as a result of a company merger;
3. increase the initial capital so that all the titles are subscribed and paid for by the issuer's shareholder who owns more than 75 % of voting rights in the issuer's general meeting;
4. increase the initial capital in which only institutional investors participate;
5. convert convertible bonds into shares, if at the moment of the issuance of convertible bonds it has already produced and published or delivered the prospectus to investors;
6. transform a company of another form into a joint stock company.

The issuer that has not produced a prospectus pursuant to the provision of paragraph 1 of this Article shall submit to the Authority information about the issue within seven days after the last day of the period for payment of securities.

The information referred to in paragraph 2 of this Article shall contain data referred to in Article 29 paragraphs A) and B) and the data on institutional investors and number of shares subscribed and paid for.

By way of an exception from the provision of paragraph 1 of this Article, the issuer shall produce a prospectus on the issuance of securities by a private offering when the invitation to subscribe is addressed only to institutional investors, so that one or more institutional investors subscribe and pay in all the securities under that issue, with the intention of offering them for sale to persons that are not institutional investors within a period shorter than one year.

The issuer referred to in paragraph 4 of this Article shall file with the Authority the application for the approval of the prospectus before the institutional investor starts offering securities for sale. The institutional investor shall make this prospectus available to potential customers before the sale

Article 41

Exceptions from the Application of the Provisions in This Chapter

The provisions of this Chapter shall apply neither to the issuance of shares when setting up a joint stock company or to the issuance of securities when they are issued by the Albanian State or the Bank of Albania.

The Authority shall adopt the rules that shall be applied to issue shares when establishing a joint-stock company.

CHAPTER II
TRANSACTIONS WITH SECURITIES AND PERSONS AUTHORIZED TO CONDUCT
TRANSACTIONS WITH SECURITIES

Section I

Article 42
Activities Related to Transactions with Securities

The following shall be activities related to transactions with securities:

1. purchase and sale of securities upon a customer 's order;
2. purchase and sale of securities on one's own behalf and for one's own account;
3. management of a security portfolio on behalf of a customer that is the owner of the portfolio;
4. performance of the business of an issuing agent, including the organization, preparation and implementation of subscription and payment of securities, and performance of other activities for the issuer related to issuance of securities, preparation for the listing of securities on an exchange and regulated public market including the filing of the listing on behalf of the issuer;
5. financing an issue, including the organization, preparation and implementation of issuance of securities for the issuer and related subscription and payment of all securities or only unsubscribed titles, for their further sale to potential investors
6. Consultancy on investments in securities;
7. Activities linked with clearing, pay-in, securities supervision and listing;
8. Donation, trading and lending of securities;
9. Sales with the intention of repurchasing them and/vice-versa;
10. Every type of operation and legal action with the securities in general that is considered as such by the Authority.

Article 43
The right to conduct activities linked with securities transactions

Transactions with securities as a business activity, with the exception of security custody, may be performed exclusively by brokerage companies or banks that have been licensed by the Authority to conduct such transactions and have included such transactions in their objects clause.

Article 44

Brokerage Companies

A brokerage company is a joint stock company seated in the Republic of Albania, the business of which shall be the transactions with securities as specified in the license issued by the Authority.

The Law on Companies provisions shall apply to brokerage companies, unless otherwise prescribed by this Law.

Shares of a brokerage company shall be paid in money and must be paid in full before the company establishment entry in the companies register or before the registration in the National Registration Center of the initial capital increase.

Article 45

Banks as Brokerage Companies

Joint stock companies, which have been licensed by the Bank of Albania to conduct financial activities set forth in subsections “iii”, “v” and “vii” of letter “d” and “e” of point 2 of Article 54 of Law No. 9662, date 18 December 2006 “On the Banks in the republic of Albania” may conduct transactions with securities only after they shall be licensed by the Authority to conduct also this activity.

The provisions of this Law shall also apply to banks, which conduct transactions with securities, or that part of the activity that is subject to the regulation of this law.

The provisions of this law, which regulate brokerage companies, shall apply also to banks that conduct activity as brokerage companies to the extent that they do not run afoul of the law that regulates their activity as bank.

Article 46

Restrictions to Participation in Brokerage Companies

A bank may have shares in only one Brokerage Company.

A brokerage company, a shareholder of a brokerage company, a natural person or legal entity related to a brokerage company by having shares or stakes in a legal entity that is a shareholder of that brokerage company, shall have neither shares nor business stakes in another brokerage company.

Article 47

License to Conduct Activities Related to Transactions with Securities

A license to conduct transactions with securities issued by the Authority shall be valid for an indefinite time.

The Authority shall revoke licenses to conduct security-related activities under the conditions set out in this Law.

Licenses issued by the Authority to conduct activities related to transactions with securities shall cease to be valid:

1. on the day of opening bankruptcy proceedings or liquidation procedures;
2. when the Authority decides to revoke the license;
3. when the banking supervisor decides to revoke the banking license for the bank that is also a brokerage company;
4. upon the company's request.

Article 48

Application for a License

The articles of association and memorandum of association of a company that has been established to conduct activities related to transactions with securities, and amendments to such bylaws shall be approved of by the Authority.

The application for a license to conduct activities related to transactions with securities shall be filed with the Authority.

The Authority shall prescribe the content of the application.

In addition to other documentation, which may be required by the Albanian Financial Supervisory Authority, certified copies of the following documents shall be attached to the application:

1. memorandum of association, articles of association and company registration order in the National Registration Center;
2. statements by all the company shareholders that they do not have stakes or shares in other intermediary companies,
3. proof, in the form of a contract, that the company has employed at least one full-time broker and/or investment advisor,
4. documentation on the basis of which it can be determined if the staffing, technical and organizational conditions exist for providing services to which the application for issuance of a license relates,
5. Detailed information on the origin and the amount of capital possessed by the substantial shareholders.
6. Proof in the form of receipt that the Authority charges have been paid.
7. bank documentation that is proof of paying in the initial capital;

Article 49

Issuing the License for Conducting Activities Related to Transactions with Securities

Within 60 days from the day of filing an application, the Authority shall render a decision on the application. The Authority shall notify the applicant of its decision.

Through that decision the Authority can approve the license, refuse to grant it or require the fulfillment of several specific conditions for granting the license, also specifying the deadlines. If the applicant does not manage to correct the flaws specified in the Authority's notification within the Authority-set deadline, it shall be assumed that the applicant has withdrawn its application.

In the decision on the issuance of a license to conduct transactions with securities, the Authority shall specify for which particular transactions the license is issued.

The Authority shall keep a register of brokerage companies authorized for conducting transactions with securities.

Article 50
Refusal to Grant the License

The Authority shall refuse to issue a license to conduct activities related to transactions with securities if:

1. provisions of its articles of association contradict the provisions of this Law or regulations based on this Law;
2. the intermediary company or shareholder of the joint-stock company directly or indirectly has shares or stakes in another brokerage company;
3. the joint-stock company does not have at least one permanently employed broker and/or investment advisor;
4. the joint-stock company does not have the necessary capital available;
5. the joint-stock company does not fulfill other conditions for conducting transactions to which the application for issuance of a license relates.

Article 51
Merger of Brokerage Companies

In the case of a merger of two brokerage companies, the newly established brokerage company shall file an application with the Authority for a new license within 15 days from the registration of the company, attaching the required documentation to the application as per this Law. Previously issued licenses are validated with a provisional license, which is issued for a limited period until the approval of the new license by the Authority. If the filed documentation is complete, the Authority confirms the new license within 30 days from the filing of the application.

In cases when one of the brokerage companies is a bank, the deadline set forth in first paragraph of this article is 15 months.

Article 52
Initial Capital of Brokerage Companies

Incorporation capital of joint-stock companies that apply for a license to conduct activities in the securities market for conducting the transactions set out in items 1 and 7 of paragraph 1 of Article 42 of this Law shall not be less than 6, 000, 000 ALL.

Incorporation capital of joint-stock companies that apply for a license to conduct activities in the securities market for conducting the transactions set out in items 2, 3 and 8 and 9 of Article 42 of this Law shall not be less than 15, 000, 000 ALL.

Incorporation capital of joint-stock companies that apply for a license to conduct activities in the securities market for conducting the transactions set out in items 5 and 6 Article 42 of this Law shall not be less than 75, 000, 000 ALL.

Article 53
Net Liquid Capital

To secure its liabilities to creditors, brokerage companies shall balance their liquid funds and liabilities.

The balance referred to in paragraph 1 of this Article shall be expressed by the net liquid funds indicator, which shall be the quotient of total liquid funds and total short-term liabilities of the brokerage company.

The net liquid fund indicator of a brokerage company shall not be less than one.

The brokerage company shall inform the Authority about the calculation of the net liquid fund indicator once a month.

The Authority shall prescribe the method of balancing the liquidity of the capital and reporting to the Commission.

Article 54
Conflict of Interest Concerning Brokerage Company Managers

Nobody can be an employee, member of the board of directors or supervisory board in several brokerage companies at the same time.

Article 55
Establishing Subsidiaries of Brokerage Companies Abroad

A brokerage company may establish a subsidiary outside the Republic of Albania to conduct transactions with securities as per the laws of the country in which it intends to perform its business.

The brokerage company shall notify the Authority of the established subsidiary within 10 days from the entry of the subsidiary in the foreign register or from obtaining a license to conduct transactions with securities abroad. The following copies of documents shall be attached to the notice:

1. a translation of and a certified copy of the excerpt from the foreign register in which the subsidiary has been entered,
2. a translation of and the original license to conduct transactions with securities issued by the authorized foreign body,
3. a list of persons authorized to represent the brokerage company in business activities of the branch office and persons in the subsidiary who conduct transactions with securities.
4. In cases when the brokerage company is a bank also the preliminary approval of the Bank of Albania to establish its subsidiary outside Albania.

Article 56
Submission of the Data

Brokerage companies shall file annual business reports and balance sheets with the Authority by March, as well as quarterly business reports and financial statements.

The Authority shall prescribe the content of the financial statements referred to in paragraph 1 of this Article.

Brokerage companies shall notify the Authority within eight days from the identification of the occurrence of every change in the data included in the license application.

Article 57
Revocation of a License to Conduct Transactions with Securities

The Authority shall consider and revoke by a decision a brokerage company license to conduct transactions with securities if:

1. Within twelve months from the issuance of the license, the brokerage company fails to commence conducting the activities, for which the license has been issued,
2. it does not conduct the activities for which the license has been issued for at least six months;
3. it conducts transactions with securities for which it does not have a license,
4. it performs business that is not related to transactions with securities,
5. it acts against this Law provisions on acquiring shares or stakes in other intermediary companies;
6. it does not observe this Law provisions on keeping books and giving customers access to them;
7. it fails to inform the customers about order execution on time;
8. it does not keep the money remitted by customers as per the provisions of this Law,
9. it lends securities without the written permission of the owner of those securities,
10. it has no employed stockbrokers or investment advisors in the cases when this is so prescribed or when transactions with securities for the customer's account are conducted by persons who are neither stockbrokers not investment advisors,
11. it fails to provide the Authority with the data that it is obliged to file within prescribed deadlines and in the prescribed method,
12. it does not allow Authority's authorized persons to carry out supervision as per the provisions regulating the activity of the Financial Supervision Authority,
13. it fails to execute a decision by which the Authority orders it to discharge an obligation within the time prescribed by this Law or by the Authority's decision,
14. it endangers or undermines the functioning of an exchange, regulated public market or the securities registry,
15. it does not conduct the transactions as per the provisions of this Law and bylaws of the Authority, in accordance with customer's orders and instructions, or with due professional care,
16. it has filed false data in the application for the license,
17. it no longer meets the conditions on the basis of which it has obtained the license to conduct transactions with securities, and fails to meet the same conditions within the time set by the Authority.
18. When the brokerage company is a bank, its license to operate as bank shall be revoked.

Together with the decision to revoke the license, the Authority may also require the revocation of the right to applying for a license for up to two years.

In its license revocation decision, the Authority may order the transfer of the unexecuted orders and other documents of the intermediary company clients to another intermediary company with the consent of the latter.

When the Authority deems it reasonable, for the causes mentioned in paragraph 1 subparagraphs 7, 8, 11, 12, 13 and 14 of this Article, instead of revoking the license, the Authority may set a deadline, no longer than six months, by which the intermediary company shall eliminate the irregularities. The license shall be considered as revoked when the company fails to eliminate the irregularities within the deadlines set by the Authority.

The Authority shall notify the stock exchange, regulated public market and the securities registry about any decision on the revocation of the license or setting a deadline for correcting the situation.

Section III **Stockbrokers and Investment Advisors**

Article 58 **Stockbrokers**

A broker is an employee of a brokerage company or a bank who is licensed by the Authority and is authorized to trade in securities.

The Authority shall keep a register of licensed stockbrokers.

The Authority shall prescribe the criteria to be met for being issued a stockbroker license.

The Authority shall organize and carry out training and testing programs for stockbrokers, and shall also issue the relevant certificates. The Authority can license qualified institutions to organize training and testing programs for stockbrokers.

Article 59 **Investment Advisors**

Investment advisors are intermediary company employees, licensed by the Authority and authorized to provide advice on investment in securities.

The Authority shall keep a register of licensed investment advisors.

The Authority shall prescribe the criteria to be met for being issued an investment advisor license.

Article 60 **Application for Broker and Investment Advisor Licenses**

The person filing an application for a broker or investment advisor license shall attach to the application a copy of the contract with the brokerage company and the additional documentation as prescribed by the Authority.

Article 61 **Granting Licenses to Stockbrokers and Investment Advisors**

After reviewing the documentation the Authority grants the license authorizing the activity as a stockbroker or investment advisor as an employee of an intermediary company.

The provisions of Article 57 of this Law shall also apply to revoking licenses of stockbrokers and investment advisors.

Licenses shall be issued for an indefinite term.

The application for a stockbroker or investment advisor license shall be attached a qualification certificate as prescribed by the Authority.

Article 62 **Other Activities a Brokerage Company can Perform**

A brokerage company may perform transactions with securities only if it has at least one stockbroker employed full-time.

A brokerage company or a bank may provide investment advisor services only if it has at least one investment advisor employed full time.

Brokerage companies or banks shall employ at least one stockbroker or investment advisor in each of their branch offices in which they conduct transactions with securities or provide investment advisory services.

Article 63 **Revocation of Broker or Investment Advisor Licenses**

The Commission shall revoke a broker or investment advisor license by a decision if:

1. it establishes that the data submitted in the course of application for a license were fraudulent.
2. the broker or the investment advisor has been sentenced by a final order for criminal offences, or if a safety measure has been pronounced by the court against him/her or is in effect prohibiting him/her to work in the profession that is partly or fully included in the business activities of an intermediary company,
3. he/she acts against the provisions of this Law,
4. he/she repeatedly violates the rules of a stock exchange or regulated public market,
5. he/she performs tasks that are not within a broker or investment advisor's job description,
6. he/she no longer fulfills the conditions on the basis of which the license was issued and fails to fulfill such conditions within the time set by the Authority, which cannot be longer than four months;
7. he/she applies for a license revocation

Section IV **Rights and Obligations of Persons Conducting Transactions with Securities**

Article 64 **Activities on customers' behalf and confidential information**

In conducting transactions with securities, brokerage companies, members of the supervision board, stockbrokers and investment advisors shall in all respects take care of the customer's interests and act with due professional care.

Members of the board of directors, supervisory board, stockbrokers, investment advisors and other employees of brokerage companies shall observe the secrecy of the information about customers, the balance and transactions on customers' security accounts, operations performed for customers and other data and facts they learn in connection with conducting transactions with securities for customers. These data are considered confidential, and the said persons shall neither use nor divulge them to third parties, unless required to do so by the Authority, the stock exchange or the regulated public market, prosecution or court structures, or unless requested to do so by the customers.

Article 65

Public Advertising

Public advertising shall be announcements or advertisements published in the mass media or electronic media that are accessible to the public.

Only brokerage companies may publish advertisements offering transactions with securities.

The content of announcements or advertisements must not mislead investors as to the rights and risks resulting from securities or transactions with securities.

Brokerage companies shall file with the Authority the text of announcements or advertisements prior to publication. If within 24 hours from the filing of the text of the announcement or advertisement the Authority does not prohibit its publication, brokerage companies may publish the announcement or advertisement.

The Authority shall prohibit the publication of advertisements whose content is contrary to the provisions of paragraph 3 of this Article, or is otherwise contrary to this Law, or to professional rules protecting the interests of the investor.

Article 66

General Conditions of Order Contracts

The brokerage company shall file the template order contract with the Authority.

General contract conditions and the price list must be exhibited in all the premises in which it does business with investors in a visible place easily accessible to the investor.

General contract conditions shall contain provisions on the mutual rights and obligations of the brokerage company and the investor, and a description of risks related to conducting specific transactions.

The brokerage company shall inform the investor of all the circumstances that are necessary for making a decision about a purchase or sale or other transactions with securities, and in particular give the investor true information on supply and demand, trade in securities and trends in their prices.

Article 67

Conducting Transactions by Order

An order related to transactions with securities is a one-sided statement of the customer's will given orally, in writing or as an electronic record that is addressed to the ordered entity, i.e. the brokerage company, to conduct a certain transaction with securities on the company's own behalf and for the customer's account.

If the brokerage company accepts the order, it shall enter it in the order book.

The order referred to in paragraph 1 of this Article does not exclude the application of general contract conditions referred to in Article 66 of this Law.

Every order modification or cancellation and the information on the order shall be registered in the order book. Every modification of the amount or price shall make up an order and it shall be registered as such.

Article 68 **Keeping the Order Book**

The brokerage company shall keep the order book in an electronic form, in which all transactions shall be registered as per the stipulations set forth in the provisions of this law.

The order book shall mean the sum of all individual orders referred to in Article 67 of this Law.

Purchase and selling orders shall be entered in the order book in chronological order of acceptance of that particular order, and each shall be given a reference in the form of an ordinal number. The order execution sequence shall be determined by the ordinal number and the price. If two or more orders have an identical price, the order to be executed first shall be the one with the lower ordinal number. If an order has been executed only partially, the remainder shall keep its place in the order book.

Every modification, cancellation of an order and information about the execution of the order shall be entered in the order book. Only orders in which the quantity of securities has been lowered shall keep the same order reference and the same order of execution. Every other modification of quantity or price represents a new order and is entered as such.

The intermediary company shall immediately deliver a list of orders from the order book to the customer at his request.

The data in the order book and those in the order must be identical at all times.

The order book shall be kept in such a way that it will prevent any subsequent change of entered data.

The order book shall be kept for at least five years from the end of the business to which it refers.

The Authority shall prescribe the content of the order book and the manner it is kept.

Article 69 **Customers' Money**

The brokerage company shall keep the funds remitted by customers for payments of securities or the money from sale of securities in a separate account or separate accounts that are organized as customer accounts. Customer money is not property of the brokerage company. These funds cannot be included in the assets of the brokerage company, and cannot be confiscated because of claims by third parties against the brokerage company.

The money in the customer account for the purchase of securities shall be used only as per the customer's orders.

The brokerage company shall transfer the proceeds from the sale of securities to the customer account.

Article 70
Lending Titles

A brokerage company may lend and borrow securities only with the written consent of the owner of those securities.

The Authority shall enact regulations on the conditions, on the manner and template contract of security lending.

Article 71
Brokerage Company Obligations Related to Order Execution

The brokerage company shall immediately notify the customer of each business transaction made on the customer's order even when without customer's particular request.

When a brokerage company purchases or sells securities for its own account and on behalf and/or for the account of its employees, the company shall state in the order that it is its own order.

The brokerage company's own order is equal to other orders and has no execution priority.

The intermediary company shall immediately present orders to purchase or sell securities listed on the stock exchange to the stock exchange trade system, unless specified otherwise by the Authority.

The brokerage company may jointly present orders to purchase or sell securities of one issuer under the same conditions regarding the price and type of order on the stock exchange or regulated public market trade system, unless the possibility of executing the order would be decreased by this presentation in terms of quantity.

For the purpose of the above paragraph, such trading shall be called joint trading and it shall be conducted in specific trading sessions.

Section V

Article 72
Title Custody

Operations related to the custody of securities shall be:

1. securities storing and safekeeping,
2. reporting on payment of dividends, interests or other receivable instruments,
3. informing about meetings of security issuers and rights related to shares and other securities in custody, and the execution of customers' orders related to the realization of these rights,
4. informing about legal changes that directly or indirectly influence the reporting to the customer on the custodian account balance,
5. the service of organizing general meetings,
6. other services related to securities such as the realization of rights and fulfillment of obligations deriving from securities, as agreed between the customer and the custodian and which are not contrary to the law.

The security custody service shall be regulated by a contract under which the custodian shall undertake to perform one or more operations referred to in paragraph 1 of this Article on the customer's account, and against a fee.

Security custody operations shall be performed by banks authorized by the Authority to do so. The custodian shall organize a special department for the security custody activity within its structure.

The Authority shall adopt the conditions for conducting transactions related to the custody of securities and the template contract of bringing securities under securities.

Article 73 Custodian Security Accounts

The custodian and the registrar shall open a custodian account of dematerialized securities. The custodian and the registry shall open a custodian account, which can be in the form of joint name, joint code or joint account.

The custodian can handle securities in the custodian account by the customer's order.

Securities in a custodian account are the customer's property and shall not be included either in custodian's property or its assets if in liquidation, nor can they be used for seizures related to claims against the custodian.

The custodian shall handle the customer's monetary accounts as per Article 77 of this Law.

The custodian shall be liable for all damages suffered by its customer due to inadequate implementation of the contract, including loss of profit.

Article 74 Reporting to the Authority

The Authority can require from the custodian to produce reports with data on all the customers and quantities of securities they have in custody.

Article 75 Custodial Book

The custodian shall keep special records for each customer and securities in its custody.

The custodian shall keep a custodial book with data on all orders to purchase and sell securities.

The custodial book shall be kept in the same manner as the order book referred to in this Law.

At the Authority's request, the custodian shall enable the Authority to inspect the custodial book and all other documentation.

The custodian shall inform the customer about each deal made as per the customer's order, within 24 hours, even if the customer does not require so.

The provisions of this Law on the custody of dematerialized securities shall also apply to securities issued in the form of papers.

Article 76
Management of Security Portfolios on Behalf of Customers

Under a contract on the management of security portfolios in the company's own name or on behalf of the customer, the brokerage company shall undertake to perform, for a fee, operations related to investment of money in securities.

The brokerage company may invest the customer's funds only in:

- a) securities traded on a stock exchange in the Republic of Albania,
- b) on stock exchanges of European Union member states, and
- c) securities issued by the Republic of Albania Ministry of Finance.

A brokerage company managing a security portfolio in its own name and/or on the customer's behalf shall keep the securities, as separate from its own property.

To exercise the securities portfolio activity, the brokerage company can engage one or more individuals, who have been licensed by the Authority as securities portfolio managers. The authority shall prescribe the rules of licensing for individuals who apply for conducting securities management activities.

Article 77
Scope of the Law in Relation to the Security Portfolio Management

The provisions of this Law on trading in securities in one's own name and for the customer's account shall also apply to operations related to the security portfolio management for the customer's account as appropriate.

CHAPTER III
TRADING IN SECURITIES

Section I

Article 78
The License to Conduct Activity as a Stock Exchange

Trading in securities shall be performed in an organized manner on stock exchanges established to provide conditions to match the supply and demand of securities.

Stock exchanges to operate in the Republic of Albania shall be licensed by the Authority.

The Authority shall prescribe the conditions to be met by stock exchanges and other regulated markets in order to achieve the goal referred to in Paragraph 1 of this Article. In addition, the Authority shall prescribe the limitations on the participants in the initial stock.

Within 60 days of receiving the application along with the applicant's complete documentation the Authority shall make a decision on approving or refusing the license and it shall immediately inform the applicant on the decision.

Article 79

Securities Exchanges

The securities exchange shall be established as a joint stock company as per the provisions of the Law on Companies and this Law.

A securities exchange shall have the personnel, equipment, technical conditions and organization so that:

1. all exchange members can make and accept offers for the purchase and sale of securities simultaneously, equally and under the same conditions,
2. all exchange members can have equal access to market information on securities being traded at the same moment and can all sell or purchase titles under the same conditions.

Only brokerage companies that are members of the stock exchange can participate in the stock exchange trading. Stock exchange membership shall be obtained as per the membership conditions set out in the rules of procedure of the stock exchange. The stock exchange shall grant membership only to those brokerage companies, which have been licensed by the Authority and, which meet the membership conditions.

Article 80

Stock Exchange Initial Capital and Shares

Incorporation capital of a stock exchange shall be at least 20, 0000, 000 ALL.
All stock exchange shares shall be ordinary and registered.

Article 81

The Power of a Stock Exchange to Adopt Regulations

A stock exchange shall prescribe its organization, business and rules of registration, listing and trading on it by its regulations, which must be approved by the Authority.

The Authority shall review the acts referred to in paragraph 1 of this Article within 60 days from the date of the due filing of the application.

The application referred to in paragraph 2 of this Article shall be accompanied by proof of payment of fees set for the Authority.

Article 82

Mandatory Reporting

Stock exchanges shall publish and submit to the Authority daily, weekly, monthly and annual reports containing data on the trade with prices and quantities of:

- a) negotiated transactions;
- b) transactions made on the stock exchange by participants in the trade.

Negotiated transactions shall be transactions with securities between two institutional investors on their behalf and for their account, which are performed out of the stock exchange official business hours.

The stock exchange shall enable the Authority to have on-line monitoring of trading in the exchange trade system free of charge.

Article 83
Impartiality

Stock exchanges shall not conduct transactions with securities or provide advice on trade and investment in securities or give its opinion on the favorability or unavailability of purchasing or selling securities.

Stock exchanges shall present only the advantages of listing securities in quotations and the advantages of organized public trading to the public.

Article 84
Criteria for the Appointment of Directors and Members of the Supervisory Board of the Stock Exchange

The members of the stock exchange supervisory board can be persons that:

- a) are Albanian citizens;
- b) have graduated at the university economic or law schools;
- c) have at least two years of experience in company management, banking, finance or accounting.
- d) Have not been subject to any court sentencing for criminal offences in the commercial companies, taxes, economic and financial areas.

Information on participation of members in meetings of the stock exchange supervisory boards and on their fees shall be published in the stock exchange annual report.

e) Stock exchange directors shall be persons that:

- f) are Albanian citizens;
- g) have graduated at the university economic school in finance, accounting or business.

Members of the board of directors and supervisory board of the stock exchange as well as employees of the stock exchange cannot be members of boards of directors or supervisory boards of brokerage companies or issuers whose securities are listed in the stock exchange.

The Authority shall approve the appointment of stock exchange directors and supervisory board members.

The Authority can adopt other additional criteria for the individuals that apply for getting the position of the director or of the supervisory board member of the stock exchange.

Article 85
Confidential information

The provisions of this Law on professional confidentiality shall also apply to employees and members of stock exchange boards of directors and supervisory boards.

Once a month the chairperson of the board of directors shall present reports to the Authority on the acquisition or alienation of titles belonging to the persons referred to in paragraph 1 of this Article.

The authority shall adopt the regulation and the procedures of using confidential information.

Article 86
Quotation and Listing

The stock exchange shall adopt regulations on the conditions for listing securities in stock exchange quotations and for listing. The regulations shall be approved by the Authority.

The application for listing shall cover all the securities of the same class of an issuer.

The quotation shall be the trading in securities on the stock exchange trading sessions.

The listing shall be the entry in the stock exchange official list and shall not cover security quotation.

Article 87
Negotiability of Securities

Securities listed on a stock exchange shall be fully negotiable and entirely paid for.

Full negotiability means unconditional and unlimited negotiability regardless of the place and manner in which the securities have been acquired, both for trading on the stock exchange and for other ways of legal acquisition of securities.

Shares of joint stock companies whose regulations prescribe that the transfer of their shares must be approved by the company's decision-making bodies may not be listed on the stock exchange.

Article 88
Suspension, Revocation of Listing and Cancellation of Transactions

The stock exchange shall adopt rules on the suspending or revoking the listing of a security, which shall be approved by the Authority. The stock exchange shall, without delay, notify the Authority of its decisions.

If the Authority deems it indispensable for ensuring the functioning of the market or the protection of investors, it shall, without delay, decide the suspension of a listing in a stock exchange or the cancellation of a certain transaction.

Article 89
Power of the Authority and Stock Exchange in Trading in Securities

If the Authority deems it necessary, in addition to the stock exchange rules of procedure, it may adopt regulations on additional conditions for listing securities in stock exchange quotations.

Article 90
Financial Reporting

Issuers of listed securities shall produce and publish annual, semi-annual and quarterly financial reports on their activity regularly.

The Authority shall adopt regulations on the conditions for the publication and content of the reports referred to in paragraph 1 of this Article.

The issuers referred to in paragraph 1 of this Article, whose shares are listed in quotations on stock exchanges in European Union member states, can produce reports on their activity as per either this Law or the European Union member state acts.

Article 91

Revocation of a Stock Exchange License

If during supervision irregularities or unlawfulness are found in the business of a stock exchange, the Authority can decide to revoke the license of that stock exchange.

Section II

Article 92

Trading in Securities among Institutional Investors

By a decision, the Authority shall recognize a legal entity's status of institutional investor if it establishes that the legal entity:

- a) invests its funds in securities on its own accounts, or for hedging its business activity against market risks, and
- b) has experience in investing and trading in securities.

Institutional investors can conduct only negotiated transactions without a license from the Authority.

By concluding a negotiated transaction, institutional investors accept their own responsibility for all risks that may arise from such a transaction.

Stock exchanges, brokerage companies, security issuers or security registries cannot be institutional investors.

The institutional investor, buyer in a negotiated transaction, shall notify in writing the stock exchange of the sale through the trade system.

The notification shall contain the data on the price and quantity of securities that were the subject of the transaction.

The Authority shall prescribe the deadline and additional contents of the notification referred to in paragraph 5 of this Article.

CHAPTER IV

RESTRICTIONS TO ACTIVITIES RELATED TO SECURITIES

Article 93

Privileged Information

All the facts that are not known to the public and pertain to one or more issuers of securities or to securities, and which, if known to the public, might influence the price of securities shall be privileged information.

The Authority shall prescribe how to prevent privileged information misuse.

Information regarding the circumstances that are not known to the public and are related to third party orders on the purchase and sale of financial instruments or derivatives, which market participants expect to acquire in line with market-recognized practices shall be considered privileged information.

The Authority shall adopt regulations on the approaches concerning privileged information misuse.

Article 94

The Ban on Divulging and Using Privileged Information

All persons referred to in this Article shall provide the Authority with all the requested data for the purpose of establishing whether privileged information has been misused.

Persons in possession of privileged information shall be those persons that learn about privileged information in the course of their work, profession or duty.

Members of boards of directors, supervisory boards and other equivalent bodies of the security issuer shall be considered persons possessing privileged information pertaining to the issuer or the company the issuer controls.

For the purposes of this Law, related persons shall also be considered persons in possession of privileged information.

Members of boards of directors, supervisory boards and employees of authorized companies shall not divulge privileged information about securities or their issuers, which they learn when performing their business. This ban is effective even after the period of their employment with the brokerage company.

Brokerage companies that learn privileged information shall neither purchase nor sell securities for their own account nor deliver advice on investing in securities to which the privileged information relates.

Persons in possession of privileged information, as well as the persons that have learned about privileged information in an unauthorized manner and are aware of its nature shall not:

1. take advantage of the privileged information when directly or indirectly buying or selling securities that are traded in the territory of the Republic of Albania or securities issued by issuers registered in the Republic of Albania, regardless of where they are traded,
2. divulge privileged information or make it accessible to third parties, and
3. take advantage of privileged information in delivering advice to third parties on the purchase or sale of securities referred to in paragraph 5 of this Article.

Persons possessing privileged information may divulge that information only if they are authorized to do so by law or by acts that regulate the operations or duties they perform.

The persons referred to in paragraph 2 of this Article shall report to the issuer, the Authority and the stock exchange on every transaction whereby they acquire or release directly or indirectly securities of the issuers listed in paragraphs 2 and 3 of this Article, within 15 days from the date on which the transaction takes place, as per the provisions specified in Articles 106 and 107 of this Law.

Article 95
Issuer's Obligation to Inform

The issuer of listed securities shall promptly inform the public about all information pertaining to circumstances or decisions that constitute material facts.

For the purpose of the provisions of paragraph 1 of this Article all information and facts that can influence the price of securities shall be material facts.

The Authority shall issue regulations on the manner of issuance and content of information referred to in paragraph 1 of this Article.

Article 96
Exceptions from the Obligation to Inform

When an issuer is unable to publish the information referred to in Article 107 of this Law because that would jeopardize his legitimate interests, he shall inform the Authority.

The Authority can exempt him from that obligation, but only for a period of time which may not be longer than three months.

Article 97
Liability to Damages Resulting from the Failure to Observe Information Obligations

If the issuer fails to immediately disclose mandatory information for publication as per the provisions of this Law when a third party has purchased financial instruments, he shall compensate that party for the damage suffered, if:

It has purchased the instruments after denial of the right to information and still owns them at the moment of disclosure;

It has purchased the instruments before the coming into existence of the information to be disclosed and sells them after denial of the right to information.

If the issuer proves that the failure to disclose the information has not been deliberate or in the context of neglect, it shall not be held liable for damages suffered as per Paragraph 1 of this Article.

If the third party was aware of the failure to disclose information at the moment of purchase, as per Item 1, and the third party was aware of the failure to disclose information at the moment of selling, as per Item 2, the damage referred to in Paragraph 1 of this Article shall not be recognized.

Article 98
Manipulation of Prices

The following shall be prohibited in order to avoid the creation of a false impression of the market:

1. conducting a transaction with securities in such a manner that its execution does not result in a change of a legal holder or owner, or in some other way create an appearance of an executed business transaction, or
2. issuing an order for the purchase or sale of a security knowing that an order has been given or will be given for the sale or purchase of that security at approximately the same price by the same or another person in order to create a fictitious price or appearance of active trading.

It is prohibited to conduct transactions with securities with the purpose of:

1. increasing the price of that security and encouraging other investors to buy that security,
2. reducing the price of that security and encouraging other investors to sell that security, or
3. giving the appearance of active trading in that security and thus encouraging other investors to purchase and/or sell these securities.

Article 99 Dissemination of False Information

It shall be prohibited to disseminate false information that affects or might affect the volume of trade in and price of securities.

Article 100 Liability for Damages Deriving from Dissemination of False Information

If the issuer that is authorized to trade in a stock exchange in the country publishes false information, it shall compensate third parties for damages deriving from the confidence in the truthfulness of the information, if the third party:

1. has purchased securities after the publication of the false information and still owns them at the moment of the public announcement that the information is inaccurate, or
2. has purchased securities before the publication of the false information and has sold them before the announcement that the information was inaccurate.

If the issuer proves that the publication of false information has not been deliberate or in the context of neglect, it shall not be held liable for damages suffered as per Paragraph 1 of this Article.

If the third party was aware of the fact that the information was false at the moment of purchase, as per Item 1, and the third party was aware of the fact that the information was false at the moment of selling, as per Item 2, the damage referred to in Paragraph 1 of this Article shall not be recognized.

Provision of the Article 617 of the Civil Code of the Republic of Albania shall apply in addition to this Article stipulations in relation to fraudulent or inaccurate publications liability.

Article 101 Ban on Fee-Motivated Trading

Brokerage companies that manage a customer's security portfolio shall be prohibited to sell securities or issue orders for their sale, or buy securities or issue orders for their purchase, exclusively with the intention of earning the fees collected for that service.

CHAPTER V
PROTECTION OF PARTIES ENTITLED TO RIGHTS DERIVING FROM SECURITIES

Section I

Ensurance for the Fulfillment of Obligations Deriving from Securities

Article 102
Prohibition of Securing Payment of Dividends

An issuer's obligation to pay dividends may not be secured by a bank guarantee, warranty or a similar form of security.

Any guarantee or security for payment of a future dividend shall be null and void.

Article 103
Security for Payment of Interest and Principal

The obligations of a security issuer to pay the principal and interest from debt securities may be secured by a bank guarantee, warranty or a similar form of security that must ensure the fulfillment of obligations from all securities of the same class.

Article 104
Real Estate Mortgage, Hypothecation of Securities

An issuer's obligation to pay the principal and interest may be secured by a lien on real estate and securities, whose value shall not be less than the total issuer's obligations from all the secured securities.

During the term of the lien on dematerialized securities, a charge on them shall be registered with the securities registries, and securities issued in the form of documents shall be deposited in a bank.

The value of the pledged real estate and securities must be established by a legal expert authorized by the Authority.

Article 105
Public Companies

Within 30 days from the day of the issue of shares in a public offering, or from the day of the fulfillment of the criterion referred to in paragraph 1 of this Article, public joint stock companies shall list their shares in the stock exchange quotation.

When listing shares in the quotation, public joint stock companies shall publish abridged prospectuses. The conditions for listing shall be prescribed by the stock exchange.

Public companies shall submit to the Authority quarterly financial and business reports within 20 days from the last day of each quarter, and their consolidated reports within 30 days. They shall present financial and business reports for the 4th quarter to the Authority within 90 days after the end of each financial year.

The Authority shall adopt regulations on the form and content of the reports referred to in paragraph 3 of this Article.

The Authority shall make the reports referred to in paragraph 3 of this Article accessible to the public.

Before listing securities in the quotation on an exchange, public companies shall give data on securities and their owners from the share or issuer register to the securities registry for the dematerialization of securities, within the periods and in the mode of delivery prescribed by the internal rules of procedure of the registry and approved by the Authority.

The provisions of paragraph 1 of this Article shall not apply to public companies against which bankruptcy or liquidation procedures have been instituted until the termination of those procedures.

Section II

Protection of Investors

Article 106

Obligation to Report on Changes in the Shareholding Structure

When a person acquires or releases shares of a public company, and as a consequence of that fact the proportion of votes in the general meeting that person possesses exceeds or falls below the following thresholds: 5%, 10%, 25%, 30%, 50% or 75% of the overall number of shares, that person shall notify in writing the Authority or the issuer of that acquisition or release within 15 days.

The period referred to in paragraph 1 of this Article shall begin from the moment of the conclusion of transaction of concern or from the emergence of the fact on which the transfer of shares is based, regardless of the entry into the share book or the depository of the registry. The legal transaction shall be deemed concluded in spite of an agreed condition for deferral.

The notice referred to in Paragraph 1 of this Article shall contain:

1. name and surname, civil registry number and residence of the person that has acquired or alienated the shares, or the name, head office and the registration number of the legal entity, and the name and surname, personal registration number in the civil register and residence of the responsible person in the legal person entity that has acquired or alienated the shares,
2. the agreement on the transfer of the shares,
3. the number of acquired or alienated shares, the share in the initial capital of the issuer on the basis of acquired or alienated shares, the number of voting rights that the total of acquired or alienated shares ensures in the general meeting of the issuer,
4. the total number of shares, i.e. the proportion of the initial capital of the issuer after the acquisition or release.

Article 107
Obligation to Inform the Public and Exemptions

A public company issuer receiving the notice referred to in Article 106 of this Law shall publish it in the daily press accessible throughout the territory of the Republic of Albania or on other national media within seven days from the date of its delivery.

At the written proposal of the issuer, the Authority can render a decision to temporarily exempt the issuer from the obligation of publication for a period of time that may not be longer than 3 (three) months if the issuer feels that this publication of the notice referred to in Article 106 of this Law might cause him serious harm and that the public, even without the publication of the notice, will be able to assess the value of shares to which the notice relates.

If within seven days from receipt of the application referred to in paragraph 2 of this Article the Authority does not render a decision, the application shall be considered rejected, and the issuer shall perform his obligation to publish within 7 (seven) days.

CHAPTER VI
RULES ON THE INVESTMENT ADVISOR MANAGEMENT AND FINANCIAL ANALYSES
AND REMUNERATION CEILINGS RELATED TO DAMAGES

Article 108
General Provisions on Management

Investment advisors shall be companies that are established with the purpose to provide investments with a degree of expertise and due care in the interest of customers, and avoid conflict of interest and ensure compliance with obligations in the interest of customers.

In order to achieve the goals referred to in Paragraph 1, to the extent they are necessary and protect their interests, such companies may request data from their customers proving the ability related to transactions with securities for the completion of the investment, purpose of transactions, financial position, and provide their customers with information.

Article 109
Special Provisions on Management

Investment advisor managers, shareholders or employees shall not:

- a) provide consultancy services to the customers of the company related to the purchase and sale of securities if the provision of such consultancy services is not in line with the customers' interests;
- b) perform transactions on their own account based on the data received from a customer on the purchase and sale of securities, which could cause damage to the initial capital.

Article 110 Organizational Rules

Investment advisors shall:

1. be organized in such a way as to avoid the impression of conflict of interest between itself and its customers, or among customers;
2. execute internal control procedures that are adequate for the prevention of contraventions prescribed in this Law.

Article 111 Requirements on Keeping Records

In order to deliver investment services, investment advisors shall keep records on:

- a) the issues and necessary instructions related to the customers and their execution;
- b) names of employees that have received customer requests, the deadlines for submitting requests and their execution;
- c) commissions and fees that are charged to customers for their requests;
- d) instructions from customers and the position of their requests vis-à-vis third parties.

Article 112 Segregation of Assets

Investment advisors that are not assigned to deposit custodial shall segregate their customers' money in custody and related to investment advisory services and that is kept to be used on behalf of the advisor and for customer's account from its monetary assets and from the accounts of other customers.

Before accepting trust money, investment advisors shall notify the bank of the deposition of monetary assets on the account of a third party.

Article 113 Deadline of Damage Claim

Customer claims to damages deriving from the investment advisor's failure to comply with his obligation to provide information and the investment advisor's faulty consultancy services shall be reviewed within three years from their submission.

Article 114 Analysis of Financial Instruments

Persons that, in the course of their professional or business activity, prepare information related to financial instruments or their issuers, which contain direct or indirect recommendations on the decision-making in investment areas, and aim at disseminating such information to unspecified groups or individuals shall do so with the necessary degree of expertise and due care.

Financial analysis shall be communicated or disseminated in public only if they have been prepared and submitted in the appropriate way and only if:

- a) the identity of the person that is responsible for the communication and dissemination of financial analysis, and
- b) the circumstances and relationships that can cause conflict of interest among the authors, the persons responsible for the preparation of financial analysis and the actions related to the have been disclosed together with the financial analysis.

Companies preparing and publishing financial analysis, as per Paragraph 1 of this Article, shall be organized in such a way that:

- a) They avoid conflict of interest.
- b) They maintain the necessary control mechanisms in order to identify violations to the obligations prescribed in Paragraph 1.

Entities, other than investment advisors, investment companies or similar businesses, which, in the course of their professional activity or business, provide investment advice, shall immediately notify the Authority. The notification shall be mandatory also when those entities stop providing consultancy services.

The Authority shall adopt regulations on the preparation and publication of financial analysis and the circumstances and relationships generating conflicts of interest.

PART THREE

CHAPTER I DEMATERIALIZED SECURITIES

Article 115 Dematerialized Securities, the Notion

Dematerialized securities shall be the electronic records of a security account in the computer system of the registrar with which its issuer shall undertake to fulfill the obligations toward the owner contained in the security.

Dematerialized securities may be issued only by a public offer.

Dematerialized securities that ensure the same rights in legal operations within the same issue and the same class shall be convertible without limitations. Obligations of any kind can be fulfilled by the transfer of any security of the same issue and the same class, and therefore the creditor cannot individually or particularly claim certain dematerialized securities.

Article 116 Dematerialized Security Account

The dematerialized securities accounts shall contain data on the issuing, classes, quantities, economic rights and economic right holders, limitations to economic rights and the history of dematerialized security entries.

A dematerialized security account can be:

- a) in the name of a single person;
- b) a joint account, when it is in the name of several persons who can be owners or co-owners,
or
- c) in the name of a custodian bank.

Brokerage companies are not allowed to keep their customers' securities in a joint account.

Article 117
Dematerialized Securities Characteristics

Dematerialized securities shall not bear any serial numbers, control numbers and signature of authorized persons.

Claims deriving from dematerialized securities belong to their owners.

The owner of a dematerialized security is the person in whose name a security account is opened with the registry in which account the dematerialized security is recorded.

When a custodian bank keeps dematerialized securities for the account of a third party, separately from the bank's own property, the owner of these dematerialized titles shall be the person for whom the custodian is keeping them.

Article 118
Ownership of Dematerialized Securities

The ownership of and the rights deriving from a dematerialized security are acquired through its transfer from the transferor's dematerialized securities account to the transferee's dematerialized securities account on the basis of an agreement the purpose of which is the acquisition of ownership, a court order, by inheritance and on the basis of the law.

The ownership of and the rights deriving from a dematerialized security shall be acquired at the moment of its entry in the dematerialized securities account of the acquirer or the person who, being the custodian, keeps dematerialized securities for the buyer's account.

The provisions of this Article shall also apply to the termination of ownership.

Article 119
Lien on Dematerialized Securities

Lien on dematerialized securities shall be acquired by the appropriate entry of that right in the dematerialized securities account on the basis of a valid agreement, court order or by law.

Only one lien may be established on a dematerialized security.

Out-of-court discharge of a secured claim by pledge shall be allowed on a dematerialized security.

The lien on a dematerialized security shall be terminated upon its release.

Article 120
Clearing, Settlement and Re-booking of Dematerialized Securities

Transfer of the ownership of a dematerialized security on the basis of a transaction concluded on a stock exchange is performed by clearing and settlement.

Clearing is the comparing of information on a completed legal transaction, on the dematerialized securities, on the determination of the payment deadline and the calculation of the charge to be paid.

Settlement is the process of intermediation and supervision of payments and of the security transfer, which is linked with the legal transaction.

Acquisition and termination of ownership and other rights of a dematerialized security on the basis of valid transactions concluded outside the stock exchange, on the basis of a court order, by inheritance and by law are performed by appropriate entries in electronic records in the re-booking procedure.

Article 121
Access to the Data from the Dematerialized Securities Register

The owner of dematerialized securities and the custodian bank shall have the right to access the data referred to in Article 119 paragraph 1 of this Law.

The issuer of dematerialized securities shall have the right to access the data referred to in Article 116 paragraph 1 of this Law, the data on securities the issuer of which he is and the data on the owners of those securities.

The issuer or the registry shall allow each shareholder access to the data referred to in Article 116 paragraph 1 of this Law related to the shareholders and shares of that issuer. The registry shall have the right to remuneration for the costs of writing and delivering reports. The shareholder shall neither communicate nor make accessible to other persons the information on shareholders and shares referred to in this paragraph.

The Authority shall have the right to access the data referred to in paragraph 1 of Article 119 and to all other data kept in the depository of the registry.

Each person proving their legitimate interest shall have the right to access the history of individual security transactions subject to a fee.

With the exception of cases prescribed by this Article, the securities registry shall keep the data on the balance of individual accounts of dematerialized securities confidential.

Article 122
Obligation of the Registrar to Inform

As per its internal rules of procedure, the registrar shall inform:

1. the issuers, about dematerialized securities they have issued and the owners of those securities;
2. the owners, about the balance of and changes to their dematerialized securities account, and
3. members on the data that are essential for transactions with dematerialized securities they have made for their own account or for the customers' account.

The registrar shall write and submit to the Authority monthly reports on its work, as per the regulation approved by the Authority for this purpose.

Dematerialized security issuers shall notify the registry of all the changes related to dematerialized securities and the realization of the rights from these securities.

The data on and the identity of 10 largest owners of any security shall be made accessible to the public.

CHAPTER II SECURITIES REGISTRAR

Article 123 Definition

The securities registrar, or “the registry” in short, is a legal entity licensed by the Authority, whose scope includes the securities data organization and management. The securities registry cannot perform other activities, other than those licensed for by the Authority.

The securities registrar is the official legal document that shall be kept in a defined form, with data on security ownership, transactions with securities and charges on them.

The special registrar shall be named according to the type of securities, for which the registry activity is performed.

The registrar may be licensed to register one or more defined securities.

The name of the Registrar shall include in brackets the name of securities it has been licensed to operate.

Article 124 Transactions with Securities

The transactions with securities shall be the transfer of ownership of rights conferred by titles, by payment or not.

Article 125 Registrar Directors

Director or Directors shall be those individuals that, regardless the positions having in one company, exercise management functions responsible for the administration of the Registry activity, making decisions about the activity, setting administration procedures and policies and making decisions about and signing agreements with third parties.

Article 126 Functions of the Registrar

Subject to the securities it has received a license for, the Registrar shall provide the service of registering securities, by organizing the method of keeping the register in such a way that it shall ensure at any time full data on the security ownership and limitations to ownership rights over them.

In order to perform its functions, the Registrar shall:

- 1- organize the registration of transactions and relevant changes, so that it can identify at any time the data on the last owner of rights and the conditions that lead to a limitation to the securities ownership rights;
- 2- sign agreements and cooperate with security issuers;
- 3- ensure the confidentiality of the recorded data, unless stipulated otherwise by the legal provisions in power;
- 4- perform other functions, as per the registry articles of association and regulations, as related to its main functions.

Article 127

Application for the Approval of the Articles of Association

The draft articles of association of a company whose objects include the activity of securities registry shall be submitted to the Authority before it is filed with the National Registration Center.

A formal request to the Authority for approval shall be attached to the draft document.

Article 128

Review of the Application for Approval of the Articles of Association

The Authority shall review the request and the draft document it has received and the articles of association compliance with the activity a license has been applied for, and make a decision about the approval or changes to the articles of the association. The registry shall comply with the Authority's instructions.

The approval of the articles of association shall not condition further decision by the Authority to license the same entity as a securities registry.

Article 129

Application Form

The applicant shall fill in the application form that has been approved by the Authority.

A written request for a license to operate as a registry, the documentation prescribed in Article 130 of this regulation and proof of payment of the relevant fee shall be attached to the application form.

Article 130

Documentation Attached to the Application Form

The documentation attached to the application form for the registry license shall include:

- 1- the articles of association and memorandum of association of the company;
- 2- Registration number as a legal entity from the National Registration Center;
- 3- the data on the company partners and their activity in the previous three years;
- 4- if one or more partners are legal entities, their establishment documentation, court order for the registration with the company registry, and data on the profit or loss in the previous three years.
- 5- data on the management and their work experience in the previous three years;
- 6- detailed data on the equipment and premises to be used for the organization and management of the securities registry such as computer, telephones, fax machines, for the computerization of the registry activity, etc;
- 7- proof of ownership, lease or another form of availability of premises for the registry operation;
- 8- a copy of the certificate issued by the relevant institution for the fire protection of the premises;
- 9- data on the actions taken for guarding the premises;
- 10- Curriculum Vitae of the company director or directors

- 11- personal statement from the directors that they and the registry administration staff meet all the conditions prescribed Article 13 and 14 of this Regulation.
- 12- internal rules or procedure, including rules on:
 - a. the organization of the Registry subject to the securities a license has been applied for;
 - b. the procedures for transferring the ownership on securities a license as a registry has been applied for;
 - c. access to information and confidentiality;
 - d. the procedures and measures related to activity suspension or termination upon a decision by the Registrar management bodies;
 - e. the procedures and measures related to activity suspension or termination upon a decision by the Authority;
- 13- Other additional documents that may be required by the Authority.

The documentation shall be submitted in its original form or as certified copies.

In addition to the rules prescribed in item 13 of paragraph 1 of this Article, the registry can write other rules as deemed necessary or indispensable for its operation. If such rules are not ready at the moment of submitting the license application, they shall be subjected to approval by the authority when they are ready.

Article 131
The Process of Application Review by the Authority

The Authority shall have the right to onsite verification of the data declared by the applicant.

Article 132
Reply on the Decision

The Authority shall make a decision on the approval or rejection of the application for the license within 30 days, and, within five days from the making of the decision, it shall notify the applicant about the decision in a written form.

Article 133
Requirements and Restrictions for the Registrar Directors

The registry directors shall meet the following requirements:

- a) a relevant university degree as per the Authority requirements and the prescribed job;
- b) work experience of at least three years, relevant to the degree specialty;
- c) Prior management experience;
- d) at least three positive reference letters from previous employers.

Apart from the general conditions, the registrar directors have to meet also specific conditions as set forth in the Authority rules

Article 134
Obligation to Inform When Changes to the Documentation Occur

The legal entity that has received a license to act as the Registry shall submit to the Authority full information about changes to the data submitted at the moment of licensing.

Such information shall be submitted to the Authority within a month from the occurrence of the change, together with the reasons for the change.

Article 135
Authority's Right to Information

The Registry shall submit to the authority monthly reports on the progress of its activity, which shall have been approved by the Executive Director of the company. The report shall be submitted within a week after the end of the reporting month.

The registry shall submit to the authority semester and annual reports on the progress of its activity, which shall have been approved by the Supervision Board. The report shall be submitted within two months after the end of the reporting period.

The Authority can always require the licensed entity to provide general information or data on specific cases related to the activity of entity that has been licensed as a Registry.

Article 136
License Suspension or Revocation

The Authority can revoke the license granted to a company to operate as a registry when:

- 1- the company does not commence the activity it has received the license for within the first six months after the date when the license was issued;
- 2- the licensed entity stops the activity it has received a license for;
- 3- the licensed entity has been subjected to bankruptcy or wind-up procedures;
- 4- the licensed entity has been subjected to controlled management;
- 5- the authority has reasons to believe that the licensed entity or its director or employees have not performed their tasks effectively and honestly, thus damaging investor's interests;
- 6- the licensed entity violates one of the provisions prescribed in this Law;
- 7- the licensed entity violates one of the conditions or restrictions applicable at the moment of issuing the license;
- 8- the licensed entity requests so.

Instead of revoking the license, the Authority can suspend it for a certain period, during which the licensed entity shall make the corrections as per Authority requirements.

The company whose license has been suspended or revoked as per this Article shall be considered as unlicensed from the date the authority revokes the license or for the entire period of the suspension.

Article 137

Data Storage and Safekeeping

The registry shall:

- a) protect the computer system and the data it contains against unauthorized use and change and loss, and
- b) preserve the original documentation used for making entries in the data storage media in a safe place and in the original form for at least five years. Data recorded on electronic media shall be kept permanently.

The Authority may establish more detailed standards and techniques for protecting the computer system and the data it contains pertaining to dematerialized securities.

Article 138

Guarantee Fund

The registry shall establish a guarantee fund.

The assets of the guarantee fund shall consist of payments made by the companies that use its clearing and settlement services.

The rules of payment of contributions and the usage of the guarantee fund shall be prescribed by the registry, subject to approval by the Authority.

The Registry shall neither borrow nor lend securities.

Article 139

Suspension of Alienation of, or Charge on Securities

In order to protect investors' interests, the Authority can issue an order to ban the alienation of, or charge on, securities for a period of no longer than sixty days.

Article 140

Confidentiality

The provisions of this Law on the obligation to keep official secrets also apply as appropriate to employees, members of the management and supervisory board of the registrar.

Once a month the chairperson of the supervision board of the registrar shall present reports to the Authority on the acquisition or alienation of securities belonging to the persons referred to in paragraph 1 of this Article.

Persons that are employees of the registrar shall not be members of brokerage company managing and supervisory bodies.

PART FOUR

CHAPTER I PENAL PROVISIONS

Article 141 Unauthorized Use and Divulgence of Privileged Information

Whosoever that, through authorized or unauthorized disposal of privileged information not known to the public, and that may use such information for personal material gain or for personal gain for a third party or to cause damage to a third party in one of the following ways:

- a) to buy or sell securities traded in the territory of the Republic of Albania or securities traded by an issuer seated in the Republic of Albania
- b) being aware of the privileged nature of such information, without authorization communicates such information to a third party,
- c) being aware of the privileged nature of such information, provides advice to a third party to buy or sell securities traded in the territory of the Republic of Albania or securities traded by an issuer seated in the Republic of Albania commits criminal contravention and shall be subject to a fine or imprisonment up to one year.

If the same offence is committed in cooperation with an accomplice, more than once or with graver consequences, it shall be subjected to imprisonment up to two years.

Article 142 Manipulation of Prices and Dissemination of False Information

1. Action or inaction of a person:

- a) signing a fictitious contract for the sale or replacement of securities,
- b) placing an order for purchase or sale of securities, for which another order with the same price has been placed, or using such securities as a counter-order,
- c) spreading false information or facts about the increase or fall in security prices or creating fictitious trading of securities in order to realize for him/herself or for a third party a material gain or cause damage to a third party, shall be a criminal contravention and shall be subjected to a fine or imprisonment up to two years

If the same offence is committed in cooperation with an accomplice, more than once or with graver consequences, it shall be subjected to imprisonment up to five years.

Article 143 Presentation and Unauthorized Distribution of False Data

Whosoever, as a member of the management or the supervisory board of an issuer, allows or facilitates the distribution of a prospectus whose contents differ from the contents prescribed by Article 29 of this Law, or allows or facilitates the presentation of false data and false representation of material facts in a prospectus shall be subject to a fine or up to three years of imprisonment.

If the same offence is committed in cooperation with an accomplice, more than once or with graver consequences, it shall be subjected to imprisonment up to five years.

Article 144
Unauthorized Listing of Securities

Whosoever, as a member of the management of a stock exchange, allows the listing in quotation one, the quotation of public joint stock companies or other quotations of securities that do not meet the conditions prescribed under this Law, shall be subject to a fine or up to two years imprisonment.

If the same offence is committed in cooperation with an accomplice, more than once or with graver consequences, it shall be subjected to imprisonment up to five years.

Article 145
Concealment of Ownership

Whosoever fails to supply data on ownership pursuant to the provisions of Article 109 of this Law shall be subject to a fine or up to one-year imprisonment.

If the same offence is committed in cooperation with an accomplice, more than once or with graver consequences, it shall be subjected to imprisonment up to five years.

Article 146
Illicit Trade in Securities

Whosoever that is engaged in unauthorized mediation in the purchase or sale of securities shall be subject to a fine incomes or up to one-year imprisonment.

If the same offence is committed in cooperation with an accomplice, more than once or with graver consequences, it shall be subjected to imprisonment up to five years.

CHAPTER II
ADMINISTRATIVE CONTRAVENTIONS

Article 147

Cases when entities and individuals that have been authorized to perform security transactions violate the provisions of this Law shall be administrative contraventions—if it is not a criminal offence—and shall be penalized with a fine from ALL 100 thousand to ALL 1 million.

Article 148
Other Administrative Actions

A stockbroker or an investment advisor that has committed a contravention against the provisions of Article 155 of this Law shall be penalized with a complimentary administrative measure, revoking his license to perform security transactions for a period of up to one year.

If the contravention referred to Paragraph 1 of this Article is committed for material gain, or if material and immaterial damages have been caused to a third party because of it, the person committing it shall be penalized with the complimentary administrative measure of revoking his license to perform security transaction for a period of one year.

Article 149
Authorities re: administrative actions

Administrative contraventions, their consideration and imposing of administrative sanctions are subject to the authority of the AFSA.

Revenues generated from fines execution shall be administered in compliance with the effective legal provisions.

CHAPTER III
TRANSITIONAL AND FINAL PROVISIONS

Section I
Securities Issued Before This Law Entering into Force

Article 150
Forms of Shares

Joint stock companies shall issue shares as materialized securities as per the provisions of the Company Law or as dematerialized securities as per the provisions of this Law.

Joint stock companies that, for the purposes of this Law, are considered to be public companies shall submit to the registrar for dematerialization the data on securities and their owners from the share register or issuer register, within the periods and in the manner prescribed by the Authority.

Joint stock companies that, for the purposes of this Law, are not considered to be public companies, and that have neither issued documents on shares nor issued shares as dematerialized securities before this Law has become effective, shall submit to the registry for dematerialization the data on securities and their owners from the share register or issuer register, within the periods and in the manner prescribed by the Authority.

Article 151
Requirements for Previously Licensed Companies

Companies that have been licensed by the Authority previously to perform activities with securities, or whose license has been recognized by the Authority, shall reorganize their activity to comply with the provisions of this Law, and shall submit to the Authority for approval the general harmonized acts within six months from the date of entering into force of this Law.

If the legal entities referred to in paragraph one of this Article fail to organize their activity in compliance with the provisions of this law and to submit their harmonized general acts for approval, their license to perform transactions with securities shall be void after the period of six months after the date of entering into force of this law.

Within two months from entering into force of this Law, previously issued licenses shall be reformatted as per the terms used in the context of this Law. The entering into force of this Law shall not change the deadlines and conditions to which the licenses of entities engaged in trading in securities were issued.

Article 152 Requirements for the Authority

Within one year from the date of entering into force of this Law, the Authority shall enact regulations based on this Law.

Article 153 Confidential Information

The members of the board of the Authority, its officers and other employees shall keep the secrecy of information they come to learn when performing their job for the authority or in other ways, with the exception of those cases when they have been authorized to act contrary to the law. Such information shall be considered confidential.

The persons referred in paragraph one of this Article cannot provide advice on trading and investment in securities, nor can they provide their opinion whether it is favorable or unfavorable to acquire or sell securities.

The restrictions referred to paragraphs one and two of this Article shall continue to be valid for a period of six months after those persons stop working for the Authority.

When acquiring or selling securities, the Authority officers shall report it to their direct superior within two days from the date of the purchase or sale, shall disclose it in the official page of the authority and shall distribute a notice to the mass media in which they shall include information about the type of securities, their issuer, the date and legal basis for acquiring or selling them.

The requirement prescribed in the paragraph above shall also apply to the purchase or sale of securities by spouses, children, adopted children, parents or step-parents and other persons living with the member of board of the authority or employee in a joint household, and to the purchase or sale by legal entities in which these persons have a majority stake of interest. The reporting period shall start on the date when the employee, the chairperson or member of the board of the Authority has learned about the fact that securities have been acquired or sold.

Stipulations of this article shall not prevent cooperation with international authorities in terms of information exchange to the effect of market regulation, supervision, technical assistance and rules enforcement.

Confidentiality of exchanged information and description of the purposes of its use shall be set forth in the agreements.

Section II
Final Provisions

Article 154
Repeal Provisions

Law No 8080 of May 03, 1996 “On Securities”, and the relevant implementation regulations shall be repealed.

Article 155

Entering into force

This law shall enter into force 15 days following its publication in the Official Journal of the Republic of Albania.

Promulgated upon Decree No. 5650 of March 06, 2008 of the President of the republic of Albania, Bamir Topi