REPUBLIC OF ALBANIA

Law

No. 62/2020

ON CAPITAL MARKETS[1]

PURSUANT TO ARTICLE 78 AND 83, PARAGRAPH 1 OF THE CONSTITUTION, UPON THE PROPOSAL OF THE COUNCIL OF MINISTERS,

THE PARLIAMENT OF THE REPUBLIC OF ALBANIA

DECIDED:

CHAPTER 1
GENERAL PROVISIONS

Article 1
Scope

The scope of this law is to regulate the capital markets, manner and conditions for the offer, purchase and sale of the financial instruments in the Republic of Albania and establishes procedures for the regulation and supervision of the financial instruments' markets.

This Law establishes:

a) Conditions for establishment, licensing, operation, supervision and dissolution of companies carrying out regulated activities under this Law.
b) Conditions for the provision of regulated activities and related ancillary services;

[1] *This Law is partially aligned with;*
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU(MIFID II);
- Directive 2004/109/EC of The European Parliament and of The Council of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC;
- Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse; Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
- Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU;
- Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
- Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013 amending Regulation (EC) No 1060/2009 on credit rating agencies.

c) Conditions for trading financial instruments on a regulated market or trading outside a regulated market;

ç) Conditions for offering of securities to the public and admission of securities to a regulated market;

d) Information requirements from companies carrying out regulated activities under this Law;

dh) Preventive measures of market abuse and insider trading;

e) Authority powers and activities under this Law.

Article 2
Scope of Application

1. The provisions of this Law shall apply to all regulated activities prescribed in this Law.
2. This Law shall apply to all entities carrying out regulated activities in or from the Republic of Albania for the clients residing outside the Albanian territory.

Article 3
Definitions

In this Law the terms below have the following meanings:

1. '**Accepted market practice'** means a specific market practice in The Republic of Albania that is accepted by the Authority or by a competent authority in any EU member state or in any other country that is a member of the Organisation for Economic Cooperation and Development (OECD) or full-fledged member of International Organization of Securities Commission (IOSCO) approved by the Authority.
2. '**Advertisement'** means a communication relating to a specific offer of financial instruments to the public or a general invitation to invest in securities or to an admission to trading on a regulated market aiming to specifically promote the potential subscription or acquisition of financial instruments;
3. '**Agreement'** means a contractual or non-contractual offer made by an investment firm in verbal or written form to provide regulated services that is accepted by the other party;
4. '**Ancillary activity'** means an activity which is not a regulated activity, but which is:

a. carried on in connection with a regulated activity; or
b. held out as being for the purposes of a regulated activity;

5. '**Ancillary service'** means any of the following services:

a. Safekeeping and administration of financial instruments for the account of clients,

b. Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm, or an affiliated entity, granting the credit or loan is involved in the transaction;
c. Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
ç. Foreign exchange services where these are connected to the provision of investment services;
d. Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;
dh. Services related to underwriting;
e. Investment services and activities in securities, as well as ancillary services related to underlying derivatives where these are connected to the provision of investment or ancillary services;

6. '**Benchmark**' means any recognised rate, index or figure, recognised by the Authority that is:

a) made available to the public or published;

b) periodically or regularly determined by the application of a formula to, or on the basis of the value of one or more underlying assets or prices, including estimated prices, actual or estimated interest rates or other values, or surveys; and

c) determined by reference to which the amount payable under a financial instrument or the value of a financial instrument is.

7. **'Bond'** means a medium-term or long-term debt security with a maturity of longer than one year binding the issuer to pay the bond holder, on a determined date the nominal value and the interest on the bond, in one or in more instalments;

8**. 'Branch'** means a place of business other than the head office which is a part of an investment firm, which is registered in accordance with national legislation, and which provides investment services and/or activities, and which may also perform ancillary services for which the investment firm has been licensed, registered or recognised;

9. **'Buy-back programme'** means a company purchasing own securities;
10. **'Central Counterparty ('CCP')'** means a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer;
11. **'Central Depository'** means a legal person licensed by the Authority under this Law in order to establish and operate a system for the central recording of financial instrument and which permits or facilitates the settlement of financial instruments transactions or trading in financial instruments without the exchange of certificates;
12. **'Clearing facility'** means a facility for the clearing or settlement of transactions in financial instruments;
13. **'Clearing** in relation to a clearing house means any arrangement, process or mechanism or service provided by a person in respect of transactions by means the process of determining the obligations of all parties involved in securities transaction:
    Clearing includes:

a) Information verification related to the conditions of transactions with the purpose to confirming those transactions;
b) offsetting the obligations between the parties under transactions and the entity providing the clearing service;
c) the obligations of parties under those transactions are calculated, whether or not such calculations include multilateral netting arrangements; or
ç. any other services as may be specified by the Authority by way of regulation.

14. **'Clearing house'** means a legal person licensed under this law and pursuant to the applicable law "On Payment System" and is responsible for the calculation of net positions of the market institutions, which may be a central counterparty and/or a settlement agent**;**

14.1 **'Securities clearing and settlement system'** means the system pursuant to the applicable Law, "On the payment system"

15. **'Clearing member'** means a legal person who is admitted as a general clearing member, direct clearing member and non-clearing member by the clearing house for clearing and settlement on its own behalf or on behalf of third parties under the regulation of a clearing house;

16. **'Client'** means any natural or legal person to whom an investment firm provides investment and/or ancillary services including:

16.1 **'Professional client'** means a client meeting the following criteria:

a) Entities which are required to be licensed or recognised to operate in the financial markets such as:
i) banks;
ii) investment firms;
iii) other licensed, or recognised financial institutions;
iv) insurance undertakings;
v) collective investment undertakings, and management companies and alternative investment fund administrators of such undertakings;
vi) voluntary pension funds and management companies of such funds;
vii) commodity and commodity derivatives dealers;
viii) local firms who provide investment services;
ix) other institutional investors;
b) Undertakings which meet at least two of the three following criteria:
i) a balance sheet total of at least ALL 2.6 billion;
ii) net turnover of at least ALL 5.2 billion;
iii) own capital of at least ALL 260 million, which the Authority may prescribe by way of regulation.
c) National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations.
ç) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financial transactions.

16.2 **'Retail client'** means any client who is not a professional client; and

16.3 **'Qualified clients'** means any legal or natural persons who is classified as retail clients but who are, at their request, treated as professional clients, when he meets at least two of the following criteria:

i. the client has carried out transactions of considerable extent in the relevant market, with an average frequency of 10 transactions per quarter within the four previous quarters;

ii. The client's portfolio size, including cash deposits and financial instruments, exceeds ALL 65 million.

iii. The client works or has worked in a senior position in the financial sector for at least one year which requires knowledge understanding of financial transactions or provided services.

The following procedure is followed:

a) The client must state in writing to the firm that it wishes to be treated as a professional client either generally or in respect of a particular service or transaction or type of transaction or product;

b) The firm must give the client a clear written warning of the protections and investor compensation rights the client may lose as a result of being labelled as a qualified client;

c) The client must also state in writing, in a separate document from the contract, that it is aware of the consequences of losing such protection provided to the retail clients.

16.4 **"Eligible counterparties"** means professional clients who are not given advice. If they are given advice they are treated as professional investors:

i. Investment firms;

ii. Banks;

iii. Insurance companies;

iv. Undertaking for Collective Investments in Transferable Securities (UCITS) and their management companies;

v. Other financial institutions authorised or regulated under EU legislation or the national law of a member state;

vi. Commodity dealers and derivatives dealers;

vii. National governments and their corresponding offices, including public bodies that deal with public debt;

viii. Central banks and supranational institutions.

17. '**Close links'** means a situation in which two or more individuals, natural or legal persons are linked by:

a) participation in the form of ownership, direct or by way of control of 20 % or more of the voting rights or capital of an undertaking;

b) control which means the relationship between a parent undertaking and a subsidiary, or a similar relationship between any natural or legal person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered to be a subsidiary of the parent undertaking which is at the head of those undertakings;

c) a permanent link of both or all of them to the same person by a control relationship;

ç) acting pursuant to an agreement, written or oral to act in concert.

18. **'Controlled undertaking'** means any undertaking:
 a) in which an individual/natural or legal person has a majority of the voting rights; or
 b) in which an individual/natural or legal person has the right to appoint or remove a majority of the members of the administrative, management or supervisory body and is at the same time a shareholder or member of the undertaking in question; or
 c) in which a natural or legal person is a shareholder or member and alone controls a majority of the shareholders' or members' voting rights, respectively, pursuant to an agreement or contract entered into with other shareholders or members of the undertaking in question; or
 ç) over which a natural or legal person has the power to exercise, or actually exercises, dominant influence or control;

19. **'Credit rating'** means an assessment regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories;
 The following must not be considered to be credit ratings:
 a) recommendations;
 b) investment research and other forms of general recommendation, such as 'buy', 'sell' or 'hold', relating to transactions in financial instruments or to financial obligations; or
 c) opinions about the value of a financial instrument or a financial obligation.
20. **'Credit rating activities'** means data and information analysis and the evaluation, approval, issuing and review of credit ratings.
21. **'Credit Rating Agency'** means a legal person who is licensed or recognised and whose occupation includes the issuing of credit ratings on a professional basis;
22. **'Credit Score'** means a measure of creditworthiness derived from summarising and expressing data based only on a pre-established statistical system or model, without any additional substantial rating-specific analytical input from a rating analyst;
23. **'Commodity Derivatives'**, regarding a commodity or underlying asset referred to in points "d"; "dh"; "e" and "g" under paragraph 40 of this Article which relate to a commodity or underlying asset;
24. **'Competent Authority'** means a legally constituted regulatory body in The Republic of Albania or in another country;
25. **'Custody'** means the safekeeping and administration of securities accounts on behalf of legal and natural persons;
26. '**Dealing on own account'** means trading by an investment firm using its own capital resulting in the conclusion of transactions in one or more financial instruments;
27. '**Debt securities'** means bonds or other forms of transferable securitised debts, with the exception of financial instruments which are equivalent to shares in companies or which, if converted or if the rights conferred by them are exercised, give rise to a right to acquire shares or financial instruments equivalent to shares;
28. **'Default proceedings'** means any proceedings or other action taken by a clearing house under its regulations;
29. '**Default regulations'** means in relation to a clearing house such regulations which provide for the initiation of default proceedings if a clearing member has failed to meet its

obligations in respect of any unsettled market contracts to which the clearing member is a party;

30. **'Defaulter'** means a clearing member who is the subject of any default proceedings;
31. **'Depository participant'** means a legal or natural person who has access to the facilities of a Central Depository and is admitted as a Depository participant under the regulations of a Central Depository;
32. '**Depositary receipts'** means those financial instruments which are negotiable on the capital market and which represent ownership of the financial instruments of a non-domiciled issuer while being able to be admitted to trading on a regulated market and traded independently of the financial instruments of the non-domiciled issuer;
33. **'Derivatives'** mean those financial instruments referred to points "d"; "dh"; "e"; "ë"; "f" and "g" under paragraph 40 of this Article;
34. **'Durable medium'** means any instrument which:
    a) enables a client to store information addressed personally to that client in a way accessible for future reference and for a period of time adequate for the purposes of the information; and
    b) allows the unchanged reproduction of the information stored;
35. **'Electronic means'** are means of electronic equipment for the processing (including digital compression), storage and transmission of data, employing wires, radio, optical technologies, or any other electromagnetic means;
36. '**Equity securities'** means shares and other transferable financial instruments equivalent to shares in companies, as well as any other type of transferable financial instruments giving the right to acquire any of these financial instruments as a consequence of their being converted or the rights conferred by them being exercised, provided that financial instruments of the latter type are issued by the issuer of the underlying shares or by an entity belonging to the group of the concerned issuer;
37. **'Non-equity securities'** means all financial instruments that are not equity financial instruments;
38. **'Exchange-traded fund'** means an investment fund that replicates an index of which at least one unit or share class is traded throughout the day on at least one trading venue and with at least one market maker which takes action to ensure that the price of its units or shares on the trading venue does not vary significantly from its net asset value and, where applicable, from its indicative net asset value;
39. **'Execution of orders on behalf of clients'** means acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a bank at the moment of their issuance;
40. **'Financial instrument'** means:
    a) transferable securities;
    b) money-market instruments;
    c) units in collective investment undertakings;
    ç) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;

d) options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;

dh. options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a Multilateral Trading Facility (MTF) or Organized Trading Facility (OTF), except for wholesale energy products traded on an OTF that must be physically settled;

e) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point "dh" mentioned in this part which are not for commercial purposes, but hold the characteristics of other derivative financial instruments;

ë) derivative instruments for the transfer of credit risk;

f) financial contracts for differences;

g) options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or excluding the case of the termination of the contract, or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF or an MTF;

41. **'Foreign regulatory authority'** means any foreign authority which exercises regulatory and supervisory functions corresponding to the functions of the Authority under this Law and the Law on the Financial Supervisory Authority, outside the Republic of Albania;

42. **'Group'** means a parent undertaking and all its subsidiary undertakings;

43. **'Home Country"** means:

a) in the case of investment firms:

i. if the investment firm is a natural person, the country in which its head office is situated;

ii. if the investment firm is a legal person, the country in which its registered office is situated;

iii. if the investment firm has, under its national law, no registered office, the country in which its head office is situated; or

b) in the case of a regulated market, the country in which the regulated market is registered or, if under the law of that country it has no registered office, the country in which the head office of the regulated market is situated;

44. **'Host country**' means the country, other than the home country, in which an investment firm has a branch or provides investment services and/or activities, or the country in which a regulated market provides appropriate conditions so as to facilitate access to trading on its system by remote members or participants established in that same country;

45. **'Information recommending or suggesting an investment strategy'** means information:

a) produced by an independent analyst, an investment firm, a bank, specialist media or any other person whose main business is to produce investment recommendations or a natural person working for them under a contract of employment or otherwise, which, directly or indirectly, expresses a particular investment proposal in respect of a financial instrument or an issuer; or

b) produced by any persons other than those referred to in point "a" of this paragraph, which directly proposes a particular investment decision in respect of a financial instrument;

46. **'Investment advice**' means the provision of personal recommendations to a client or prospective client, either upon its request or at the initiative of the investment firm, in respect of one or more transactions relating to financial instruments;
47. **'Investment firm'** means any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more regulated activities on a professional basis.
48. **'Investment service'** are those services offered by investment firms as a business activity. May also be performed by banks that have been licensed by the Bank of Albania to conduct such transactions under the requirements of this Law.

    They are defined as follows:
    a) reception and transmission of orders in relation to one or more financial instruments;
    b) execution of orders on behalf of clients;
    c) dealing on own account;
    ç) portfolio management;
    d) investment advice and making a recommendation;
    dh) underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
    e) placing of financial instruments without a firm commitment basis;
    ë) operation of an MTF; and
    f) operation of an OTF.
49. **'Issuer'** means a legal person, or other legal entity governed by law, including a sovereign government or approved international financial organisation which issues securities;
50. **'Licenced person'** means a legal or natural person who is, or was at any time licensed by the Authority to conduct a regulated activity and holds a valid license;
51. **'Limit order'** means an order to buy or sell a financial instrument at its specified price limit or better and for a specified size;
52. '**Liquid market'** means a market for a financial instrument or a class of financial instruments, where there are ready and willing buyers and sellers for sufficient quantities on a continuous basis, assessed in accordance with the following criteria, taking into consideration the specific market structures of the particular financial instrument or of the particular class of financial instruments:
    a) the average frequency and size of transactions over a range of market conditions, having regard to the nature and life cycle of products within the class of financial instrument;
    b) the number and type of investment firms, including the ratio of investment firms to traded instruments in a particular product; or
    c) the average size of spreads, where available;
53. **'Listed company'** means a joint stock company which has its securities admitted to trading on any regulated market:
54. **'Derivatives trader'** means any firm whether domiciled in Albania or in another country dealing or its own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets, or dealing for the accounts of other members of those markets and being guaranteed by clearing

members of the same markets, where responsibility for ensuring the performance of contracts entered into by such a firm is assumed by clearing members of the same markets;

55. **'Management body'** means the body or bodies of an investment firm, or market operator which is or are legally appointed to set the entity's strategy, objectives and overall direction, and which oversee and monitor management decision-making and includes persons who effectively direct the business of the entity;
56. **'Managerial control'** means control exercised over an investment firm by the management body and senior managers;
57. **"Financial collateral arrangement"** has the same meaning according to current legislation "On the payment system.
58. **"Financial collateral"** has the same meaning according to the applicable law "On the payment system".
59. **'Market contract'** means:

a) contract which is subject to the regulations of the clearing house and entered into by the clearing house with the clearing member pursuant to novation for the purpose of clearing and settlement of transactions using the clearing facility of the clearing house; or

b) transaction which is to be cleared or settled using the clearing facility of a clearing house and in accordance with the regulations of the clearing house;

60. 'Market institution' means any entity that operates or provides market infrastructure for trading, registering or clearing transactions in financial instruments;

61. 'Market maker' means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account using own funds by buying and selling financial instruments against his proprietary capital at prices defined by him;

62. 'Market operator' means a person who manages and/or operates the business of a regulated or other organised market. The market operator may be the regulated market itself;

63. 'May' the use of the word 'may' is permissive and not mandatory and indicates that the Authority or another person to whom it is applied is given the power to take certain actions at their discretion but is not obliged to. Where the word is used actions may be taken that are considered necessary or appropriate but the person in question is not obliged to take such actions;

64. **'Market segment'** means that part of a regulated exchange which has different categories of listing according to size or type of listed security;
65. **'Matched principal trading'** means a transaction where the facilitator interposes itself between the buyer and the seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where the facilitator makes no profit or loss, fee or charge for the transaction which has been previously disclosed Authority.
66. **"Money or other assets**" means money or any other asset held in clients' bank or securities accounts, separately identifiable from the firm own accounts and which enable the investment firm to execute transactions on behalf of the clients;

67. **'Money-market instruments'** means those classes of instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial paper and excluding instruments of payment;

68. '**Multilateral system'** means any system or facility in which multiple third-party buying and selling trading interests in financial instruments are able to interact in the system;
69. **'Multilateral Trading Facility** ('MTF')' means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in the system and in accordance with non-discretionary regulations in a way that results in a contract;
70. '**Offer of financial instruments to the public'** means a communication to persons in any form and by any means, presenting sufficient information on the conditions of the offer and securities to be offered, so as to enable a client to decide to purchase or subscribe to these financial instruments. This definition also applies to the placing of financial instruments through financial intermediaries;
71. **'Offer period'** means the time period during which potential investors may purchase or subscribe for the financial instruments;
72. **'Offering memorandum'** is a document, which is not a prospectus as defined in this law, that is a form of invitation that solicits from a restricted or defined group of investors investment into securities offered by the issuer of the securities to potential investors;
73. **'Organised Trading Facility'** (OTF) is a multilateral system, which is not a regulated market or MTF and in which multiple third party buying and selling interests in bonds, structured finance product, emissions allowances or derivatives are able to interact in the system in a way which results in a contract;
74. **'Parent undertaking'** means a company which is an undertaking which controls one or more subsidiary companies;
75. **'Person'** means either a natural or a legal person;
76. **'Portfolio management'** means managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments;
77. '**Private offer'** is an offer of securities to a restricted or defined group of potential investors and not to the public without limitation which is disclosed without using mass communication;
78. **'Prospectus'** means any document that is a form of invitation that solicits from the public without limitation or restriction investment into securities offered by the issuer of the securities to potential investor;
79. '**Public offer'** is an offer of securities to members of the public without limitation or restriction;
80. **'Qualifying holding'** means any direct or indirect holding in an investment firm capital which:

a) represents 10 % or more of the capital or of the voting rights, taking into account of aggregation, or

b) makes it possible to exercise a significant influence over the management of the investment firm in which that holding subsists;

81. **'Recognised person'** means any legal or natural person which has a licence from a foreign competent authority to carry on a regulated activity, which is recognised by the Authority as equivalent to a licence granted by the Authority itself;

82. '**Registered person'** means any person who, under the full and unconditional responsibility of only one licensed firm on whose behalf it acts, promotes investment and/or ancillary services to clients or prospective clients, receives and transmits instructions or orders from the client in respect of investment services or financial instruments, places financial instruments and/or provides advice to clients or prospective clients in respect of those financial instruments or services and who is registered by the Authority under this Law;

83. **Registration'** means the positive act at the outcome of the scrutiny by the home country's competent authority of the completeness, the consistency and the comprehensibility of the information given in the prospectus and its conformity with the applicable regulations;

84. **'Related Persons'** means:

a) a spouse, or a partner considered to be equivalent to a spouse in accordance with the Albanian Family Code.

b) a dependent child, in accordance with the applicable law;

c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or

ç) a legal person, or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in points "a" "b" or "c" of this paragraph, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person;

85. **'Rating Category'** means a rating symbol, such as a point or numerical symbol which might be accompanied by appending identifying characters, used in a credit rating to provide a relative measure of risk to distinguish the different risk characteristics of the types of rated entities, issuers and financial instruments or other assets;

86. **'Rating outlook'** means an opinion regarding the likely Direction of a credit rating over the short term, the medium term or both;

87. '**Regulated activity** 'means' provision of investment services and operation of market institutions, including but not exclusively:

a) Reception and transmission of orders in relation to one or more financial instruments;

b) Execution of orders on behalf of clients;

c) Dealing on own account;

ç) Portfolio management;

d) Investment advice and recommendations;

dh) Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;

e) Placing of financial instruments without a firm commitment basis;

ë) Operation of an MTF (multilateral trading facility);
f) Operation of an OTF (organised trading facility);
g) Operation of a stock exchange;
gj) Operation of a central depositary;
h) Operation of a clearing house;
i) Operation of a settlement facility
j) Operation of a central counterparty
k) any other activity that relates to issuing or trading securities or other financial instruments.

88. '**Regulated information'** means all information which the issuer, or any other person who has applied for the admission of financial instruments to trading on a regulated market without the issuer's consent, must disclose that would be material to an investor or potential investor, or that is in relation to insider dealing and market manipulation (market abuse) or under the acts, regulations or administrative provisions of any country;
89. **'Regulated market'** means a multilateral system or organised market operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in that system, in accordance with its non-discretionary regulations in a way that results in the financial instruments being admitted to trading under its regulations and/or systems, and which is licensed, registered or recognised and regulated by the Authority;
90. **'Relevant office-holder'** means:

a) any person acting in relation to a company as its liquidator, custodian, temporary administrator, administrator or any person with similar functions:
b) any person appointed pursuant to a decision as an insolvency administrator of an insolvent estate of the deceased person.

91. **'Securities'** means financial instruments that are issued the goal of making a profit through the management of the rights deriving from owning them and are tradable. Securities shall include, without limitation, shares issued by corporate and local government bonds, treasury bills and bonds issued by the governments, commercial papers, investment fund shares or stakes, and other financial instruments that are comparable to shares and bonds and are defined as such by this Law;
92. **'Digital Securities Token'** are digital representations of value, similar to other securities defined under this Law, based on block-chain technology, confirmed by a national competent authority, when they meet the following criteria:

    a) are freely transferable;

    b) give the owner some monetary or property rights on the project, or if it has characteristics of profit participation, or a predetermined right, or give decisive power to the owner in the project of the issuer. Tokens of digital securities shall be considered as financial instruments under this Law.

93. **'Senior managers'** means natural persons/individuals who exercise managerial functions as defined by this law and regulations within an investment firm, or a market operator; and who are responsible, and accountable to the management body, for the day-to-day

management of the entity, including for the implementation of the policies set by the management body concerning the provision of services and products to clients;

94. '**Settlement**' means the act of transferring 'securities and final funds' between two parties. Parties to those transactions meet their obligations under such transactions, including the obligation to deliver, the transfer of funds or the transfer of securities to financial instruments between parties but does not include:
    a. the back-office operations of a part to the transactions referred to above;
    b. the services provided by a person who has under an arrangement with another person (the client), possession or control of financial instruments of the client, where those services are solely incidental to the settlement of transactions relating to the financial instruments.
95. **'Shareholder'** means any natural person/individual or legal entity who owns, directly or indirectly:

a) shares of an issuer in its own name and on its own account;
b) shares of the issuer in its own name, but on behalf of another natural person or legal entity;
c) depository receipts, in which case the holder of the depository receipt must be considered as the shareholder of the underlying shares represented by the depository receipts;

96. **'Sovereign debt'** has the same meaning according to the applicable law on sovereign debt, state debt and government guarantee debt and the on the management of the budgetary system in the Republic of Albania;
97. '**Sovereign issuer**' means any of the following that issues debt instruments:

a) any sovereign country, including a government, a government department, a local authority or other authority established by law whose issues are guaranteed by a government, or a special purpose vehicle of that country whose issues are guaranteed by the government;
b) a special purpose vehicle for several countries subject to a joint and several guarantees of those countries; or
c) an international financial institution established by two or more countries which has the purpose of mobilising funding and provide financial assistance to the benefit of its members that are experiencing or threatened by severe financing problems;

98. **'Sovereign rating'** means: a credit rating where the entity is a sovereign issuer;
99. '**Stabilisation'** means a purchase or offer to purchase financial instruments, or in associated instruments equivalent thereto, which is undertaken by a bank or an investment firm in the context of a formal offering of such financial instruments exclusively for supporting the market price of those financial instruments for a predetermined period of time, due to a selling pressure in such financial instruments;
100. **'Securities borrower'** means a person who is engaged in the activity of borrowing securities from another;
101. '**Stock buyback'** means to:

a) reduce the capital of an issuer;
b) to meet obligations arising from debt financial instruments that are exchangeable into equity instruments;

c) to meet obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company.

102. **'Stock exchange'** means a market operator which main activity is to put into operation a regulated market;

103. **'Structured deposit'** means a deposit in accordance with the applicable Law "Deposits Insurance" which is fully repayable at maturity, or according to a specified schedule of partial repayments, on terms under which interest or a premium will be paid or is at risk, according to a formula involving factors such as:

a) an index or combination of indices, excluding variable rate deposits whose return is directly linked to an interest rate index such as Euribor or Libor;

b) a financial instrument or combination of financial instruments;

c) a commodity or combination of commodities or other non-fungible assets, physical or non-physical; or

ç. a foreign exchange rate or combination of foreign exchange rates;

104. **'Structured finance products'** means those financial instruments created to securitise and transfer credit risk associated with a pool of financial assets entitling the security holder to receive regular payments that depend on the cash flow from the underlying assets;

105. **'Systematic internaliser'** means an investment firm which, on an organised, frequent and systematic basis, deals on own account, using own funds, by executing client orders outside a regulated market or an MTF or an OTF without operating a multilateral system.

The frequent and systematic basis is measured by the number of OTC trades in financial instruments carried out by the investment firm on own account when executing client orders.

The frequent and systematic basis is measured either by the size of the OTC trading carried out by the investment firm in relation to the total trading of the investment firm in a specific security or by the size of the OTC trading carried out by the investment firm in relation to the total trading in the EU in a specific security.

The definition of a systematic internaliser only applies where the pre-set limits for a frequent and systematic basis and for a substantial basis are both crossed or where an investment firm chooses to opt-in under the systematic internaliser regime;

106. **'Tied agent'** means an independent natural or legal person who, under the full and unconditional responsibility of only one investment firm on whose behalf it acts, promotes investment and/or ancillary services to clients or prospective clients, receives and transmits instructions or orders from the client in respect of investment services or financial instruments, places financial instruments or provides advice to clients or prospective clients in respect of those financial instruments or services;

107. **'Trading participant'** means a person who has access to the facilities of an exchange and is admitted as a trading participant under the regulations of the exchange;

108. '**Trading venue'** means a regulated market, an MTF or an OTF;

109. '**Transfer order'** has the same meaning as the applicable law "On the payment system";

110. '**Transferable securities'** means those classes of securities, with the exception of instruments of payment, which are freely transferable without restriction and negotiable between two parties either on or not on a regulated market.
111. **'Working days'** means working days of the week excluding Saturdays, Sundays and public holidays.

112. **"Participating in a regulated activity**" means entering or offering to enter into a contract written or verbal the making of which by either party constitutes a regulated activity.

Article 4
Interpretation

Unless the context otherwise requires, a reference to one gender must include a reference to the other genders and words in the singular must include the plural and, in the plural, include the singular.

Article 5
Prevention of Money Laundering and Terrorism Financing

1. All persons subject to this Law must implement the requirements emanating from the applicable legislation "On the Prevention of Money-Laundering and Terrorism Financing and other by-laws thereof.
2. Licensed entities are obliged to, without prior notice and involvement of suspected persons or affected, immediately notify the General Directorate of Prevention of Money Laundering (GDPML) and Authority for any case where they are aware or suspect money laundering and terrorism financing activity is committed, occurring or attempted.
3. In case there is a reasonable suspicion that the violations are related to money laundering or terrorism financing, the Financial Supervisory Authority reports to the competent authority in accordance with the applicable legislation on the prevention of money laundering and terrorism financing.
4. In cases when the Authority evaluates that the licensed entity has violated the legal obligations on prevention of money laundering and terrorism financing, the the following measures are taken against this entity such as:
a) orders the taking of measures for the elimination of violations;
b) suspends or revokes partially or completely the license;
c) orders the suspension or dismissal of the responsible persons.

CHAPTER II

THE AUTHORITY

Article 6
The Authority

1. The Albanian Financial Supervisory Authority ("the Authority") grants the license, supervises and regulates the regulated activities under this Law.
2. The regulatory objectives of the Authority are:

a) to promote and maintain confidence in the fairness, efficiency, competitiveness, transparency and orderliness of the securities markets industry and any related activities;
b) the consumers and investors protection; and
c) the prevention of financial crime.

Article 7
Scope of Application of the Authority

1. For the purpose of carrying out the objectives set out in this Law, Authority's powers are:

a) to draft, amend or rescind by-laws approved under this law;
b) to approve codes of conduct to be met by licensed, registered or recognised persons;
c) to give guidance to licensed, registered or recognised persons in accordance with this Law; and
ç) to determine its general regulatory policy and strategy with regard to the supervision and development of the securities market in The Republic of Albania.
d) in general, to exercise all the competencies specifically recognized by this law or from the law in force "On the Financial Supervisory Authority", as amended.

2. Pursuant to the above, the Authority may approve by-laws for:

a) Inducement of high standards of integrity, fair dealing in the course of conducting regulated activities under this Law;

b) provision of transparent disclosure of interests in, and facts material to, transactions which are entered into in the course of conducting regulated activity, including information as to any commissions or other inducements received or receivable from a third party in connection with any such transaction;

c) protection of client money and assets;

ç) keeping of proper accounts and other records by a licensed, registered or recognised person in such form as may be prescribed by the Authority and which makes provision for their inspection by the Authority;

d) financial competences that are required by a licensed, registered or recognised on the basis of all activities related to the person concerned in accordance with this Law;

dh) provision of corporate governance practices and procedures by any licensed, registered or recognised person in accordance with this Law ;

e) risk management practices and procedures;

ë) regulating the manner in which a person makes a market in any investments;

f) regulating the form and content of advertisements in respect of regulated activities in accordance with this Law;
g) requiring the principals of tied agents to impose restrictions on the activities carried on by the latter;

gj) for the requirements of transparency and information disclosure of listed companies;

h) regulating the practice of short selling or the circumstances in which short selling may be permitted by any licenced, registered or recognised person in accordance with this Law;
i) for the settlement of disputes or complaints against any person who is licensed, registered or recognised in accordance with this Law;
j) for the settlement of any disputes or complaints against the Authority;
k) for the imposition of sanctions and the amounts of penalties;
l) the provision of reasonable compensation for investment services.

Article 8
Powers of the Authority in relation to this Law

For the purpose of carrying out the objectives set out in this Law, the Authority carries out the duties as follows:

a) shall give general or specific instructions or directions to any person which conducts activities regulated by this Law;

b) shall request to any valuers, auditors or other supplementary service providers to companies carrying out regulated activities in accordance with this Law in order to

provide any information as the Authority may consider relevant to the proper performance of its functions;

c) shall grant a license or recognizes any legal person that carries out regulated activity and monitors, supervises and regulates its conduct to ensure compliance with this Law and any regulations made under it;

ç) shall register an employee or tied agent of a principal to carry out regulated activities for their licensed employer or principal and monitors, supervises and regulates its conduct to ensure compliance with this Law and any regulations made under it;

d) shall maintain a register of all licensed, recognised or approved persons;

dh) shall require investment firms and market institutions to file with the Authority annual accounts certified by a statutory auditor in accordance with the form and manner specified by the Authority and such other periodic financial information and reports as may be required by the Authority;

e) shall issue specific directions to any person to prevent the imminent violation of this Law or any regulations made under it;

ë) shall regulate the listing and trading of financial instruments in an exchange or MTF or OTF;

f) shall regulate the issuance of securities;

g) shall suspend the listing of any financial instruments, delists listed financial instruments or prohibits the trading of any financial instruments or take such steps as the Authority considers necessary or expedient for the protection of investors or for ensuring fair and orderly securities market or to ensure the integrity of the securities market;

gj) shall inquire and conduct investigations into any activity of an investment firm or market institutions in order to determine whether they are operating in compliance with the provisions of this Law;

h) shall publish findings of wrongdoing by any investment firm or market institution;
i) shall conduct investigations into any alleged violation or contravention of the provisions of this Law or any regulations made there under and to impose such administrative sanctions as the Authority may deem necessary.
j) shall exchange information with the General Prosecution, State Police and other Competent Authorities set out in this Law and requests their assistance in the fulfilment of Authority's powers under this Law.
k) shall assistance of the institutions and other financial entities, if deemed necessary assistance in the fulfilment of Authority's powers under this Law and orders those

institutions to take immediate measures required by the Authority for the protection of the investor assets, market operations or enforcement pursuant to the specifications of this Law.

CHAPTER III
LICENSING

PART I
GENERAL REQUIREMENTS THAT APPLY TO ALL INVESTMENT FIRMS, MARKET INSTITUTIONS AND MARKET OPERATORS

Article 9
Persons permitted to conduct regulated activities

1. Regulated activities pursuant to this Law shall be conducted in the Republic of Albania by licensed, registered, recognised persons under this Law.
2. The exercise of activities regulated in contradiction with paragraph 1 of this Article is considered a criminal offense within the meaning set out in Article 170, point "ç", of the Criminal Code of the Republic of Albania.

3. All licensed, registered, or recognised persons must:

a) have their head office in the Republic of Albania; or
b) have a branch office or representative office of a foreign recognised person in the Republic of Albania;
c) be a tied agent of a licenced entity in The Republic of Albania or a licenced entity in any EU member state or in any other country determined by Authority's regulations;
ç) be recognised persons, regardless the head office is in another country.

Article 10
Exemptions from the Requirement to hold a licence, recognition or registration

1. The Bank of Albania is exempted by the licensing, registration, recognition, supervision and reporting of all activities regulated by this Law.
2. The following are exempted from the requirements set out in Chapter III, of this Law concerning investment services and conduct of investment activities:

a) insurance, reinsurance and retrocession companies authorised under the Legislation in force on the activity of insurance and reinsurance, when carrying out activities in accordance with this Law;
b) persons who provide investment services only to their own parent companies, to their own companies subsidiaries or other companies controlled by the parent company;
c) persons providing random investment services during their professional activity, in cases where such activity is regulated by legal and sub-legal provisions or a professional code of ethics, which does not exclude the provision of such services;
ç) Persons who do not provide any investment services or activities other than dealing on own account unless they are:
i. market makers:
ii. are members or participants of a regulated market or an MTF, or have electronic direct access in a trading venue;
iii. apply high frequency algorithmic trading techniques;
iv. Deal on own accounts while executing clients' orders;
d) public bodies responsible for the management of public debt or playing a role in the management of public debt, as well as other public entities specifically created to provide financial assistance with the aim of maintaining financial stability;
dh) collective investment undertakings and pension funds, and the depositaries and management companies/administrators of such undertakings, licensed in accordance with the requirements of the ad hoc applicable legislation.
e) persons dealing on own account, including market makers in commodity derivatives or emissions allowances or derivatives excluding those persons dealing on own accounts while executing clients' orders, persons providing investment services, except those dealing on own accounts in commodity derivatives or emissions allowances or derivatives for the clients or providers of their main activity, on condition that:

i. this activity must be ancillary to their principal activity, assessed as individual or group-wide;

ii. their main activity should not be the provision of services;

iii. these persons do not use a high frequency algorithmic trading technique;

iv. communicates annually to the Authority that they are applying these exemptions and pursuant to the requirement they shall report to the Authority the grounds where they deem that their activity is ancillary towards their main activity.

ë) persons providing investment advice in the course of performing another activity within the framework of their regular occupation not covered by the provisions provided that the provision of such advice is not specifically remunerated.

Article 11
Contracts or agreements made by unlicensed persons

1. Any agreement or contract written or verbal which is entered by a person in the course of carrying on unlicensed regulated activities is against the other party.
2. The party which has entered into an unenforceable pursuant to paragraph 1 under this Article is able to recover any money paid or transferred under such an agreement, as well request compensation for the caused damage.

Article 12
Prohibition of advertisements and marketing by unlicensed persons

1. No person may communicate in any form an invitation or inducement to participate in a regulated activity unless that person is
a) licensed, registered or recognised by the Authority
b) the content of the communication is approved for the purposes of this Article by a licensed, registered or recognised person.
2. In the case of a communication originating outside the Republic of Albania paragraph 1 of this Article applies only if the invitation is received by persons in the Republic of Albania and is capable of having an effect in the Republic of Albania.
3. The Authority may by regulation specify circumstances in which a person is to be regarded as acting in the course of his business activity for the purposes of paragraph 1 under this Article.

Article 13
Requirements to be fit and proper

1. No person must be granted a licence or registered or recognised to conduct any regulated activity unless and until the Authority has received and approved the necessary information and documentation to establish that the applicant, its shareholders and administrators or senior managers as provided in Article 39 are fit and proper persons to carry out the regulated activity.
2. The Authority must make an assessment as to whether the applicant, its shareholders and administrators are fit and proper to hold a particular position, on the basis of the following requirements:
a) that they possess the qualities required to fulfil the tasks and responsibilities of the particular position in the company;

b) that they have the requisite integrity, honesty and commitment to fulfil their particular tasks;
c) that they possess the necessary qualifications and professional experience in line with the responsibilities of their particular position;
ç) that they maintain their independence so that the company's interests are not affected by any conflicts of interest that might arise in the course of performing their duties.

3. The Authority must also make an assessment of the past behaviour and business or financial activity of the applicant, its owners and those persons exercising control including but not limited to considering whether there is any evidence showing that the person is not fit and proper.
4. In determining whether a person is fit and proper to hold a particular position, the following shall be considered:

a) integrity, honesty, diligence and commitment to fulfilling the responsibilities of the position
b) competence, professional skills adequate for fulfilling the responsibilities of the position
c) Personal Financial soundness:

5. The assessment of general competence, in accordance with paragraph 4 of this Article, shall be carried out taking into account the following, irrespective of whether the activity or event took place in the Republic of Albania or in any other country:

a) integrity;

while assessing the integrity, the Authority takes into account whether the person is:

i. under investigation, court process or convicted of a financial or economic crime or a crime involving fraud, organization fraud organization and management of fraudulent and pyramid-shaped loan programs, as well as money laundering and terrorism financing;
ii. in contravention any of the requirements and standards of the Albanian regulatory system or the equivalent standards or requirements of other regulatory authorities;
iii. censured or suspended by a regulatory or professional body;

b) professional Competence;

while assessing the professional competence the Authority shall take into account whether the person:

i. satisfies the relevant training and competence requirements set by the Authority in relation to the function the person performs or is intended to perform;
ii. has demonstrated by experience and training that they are suitable, or will be suitable if approved, to perform the function;

c) financial soundness;

While assessing financial soundness the Authority shall take into account whether the person is:

i) engaged in, or associated with, any financial losses due to dishonesty, incompetence or malpractice in the provision of financial services or the management of other companies;

ii) has been a shareholder with participation in the form of ownership, direct or at least 50 % of the voting rights or capital of an undertaking in or has been an administrator of any undertaking that has been subject to bankruptcy procedures according to the Bankruptcy Law;

iii) has been engaged in any business practices including tax evasion and money laundering appearing to the Authority to be improper whether unlawful or not or which otherwise reflects discredit on the person's approach to conducting financial services or other business activities.

6. The fit and proper requirements apply on an initial and ongoing basis and must be complied with by the applicant, shareholders and the management bodies and those persons exercising control during all the time they hold their respective positions.
7. The Authority may issue regulations on the assessment fit and proper criteria in accordance with the position and responsibility of each person, taking into consideration the international standards in the field of securities market.

PART II

LICENCING, VARIATION OF LICENCES AND LICENCES WITHDRAWAL FOR ALL REGULATED ACTIVITIES

Article 14
Applications for a licence

1. Any legal person may make an application for a licence to carry out one or more regulated activities in accordance with this Law, by specifying ancillary services.
2. An applicant for a licence must demonstrate that the members of the management body, senior managers and those persons exercising control over the applicant are fit and proper persons in accordance with this Law.
3. An application for a licence must be made to the Authority in such form together with such documents and paid out fee proof as may be specified by the Authority.
4. The Authority may require to the applicant that a legal or any natural person under paragraph 2 of this Article, to furnish to the Authority further information in connection with an application in such form and manner as specified by the Authority.
5. The application for license shall not be considered complete until all the requirements of this Law or by-laws approved by the Authority have been met. Within 3 months of the completion of the requests, the applicant shall be informed of the Authority's decision.
6. Banks or branches of foreign banks shall submit their request only in accordance with the provisions of Article 15 of this Law.

Article 15
Requirements for the Banks

1. Banks, which have been licensed by the Bank of Albania to conduct financial activities set forth in the applicable Law "On the Banks in the Republic of Albania", may provide investment services only after being licensed by the Authority to conduct this activity.

2. Pursuant to the application for licensing the banks must provide information on:

a) Organizational structure of the unit or department in charge of conducting investment services, including corporate governance policy of the bank and a description on how the unit is separated from other activities of the bank.

b) Key personnel in charge of conducting regulated activities, including their Curriculum Vitae and other documents attesting that they are fit and proper and self-certification that the information contained in the Curriculum Vitae is true;

c) information technology and accounting systems for the carrying out the activity which requires a license;

ç) description of the procedures to be followed on the conduct of the activity in accordance with this Law;

3. In conducting its regulated activity, the licensed bank shall act in compliance with Articles 62-69, 79-102 and Articles 103 -106 of this Law.

Article 16
Documents to be submitted for the licensing application

1. The application for licensing to conduct any regulated activities pursuant to this law on the investment firms, which are not banks, shall be accompanied by the following:

a) documents providing proof that the applicant is a joint-stock company that has been established and registered in compliance with the applicable "On Entrepreneurs and Companies", as amended, the statute, proof of the fact that the minimum mandatory capital has been fully paid, the names of the shareholders and a description of the proof of the flaw that the founder has paid the initial capital from legitimate sources;

b) documents attesting that the company's significant owners, members of the supervisory and management board, key persons, senior managers, internal auditor and certified persons are individually and collectively fit and proper to lead and manage the regulated activity as required under Article 13 of this Law including;

i) diplomas, certificates and other relevant documents certifying academic and professional achievements;

ii) comprehensive Curriculum Vitae of those persons, demonstrating their professional experience;

iii) statement of key persons and senior managers including names and contact information of persons that can endorse the correctness of the information in the curriculum vitae;
iv) description of the governance standards according to the good standards and practices required by the Authority;
v) role of independent members of the management board and written description of their duties and responsibilities;
vi) description and specification of any information technology and accounting systems in the ownership or in-use showing that it has and employs effectively the resources and procedures that are necessary for the proper performance of its business;
vii) organization chart of the company with descriptions of functions and responsibilities;
viii) procedures manuals;
ix) business plan projected for a minimum of three years, giving a description of the business the applicant intends to conduct, how the capital adequacy requirements are to be maintained, and projected development of the business activity.
x) identification of conflicts of interest, and ways that they can be eliminated or controlled and disclosed; and policy for dealing with or making transactions with related parties in accordance with the regulation on related party transactions;
xi) description of procedures to be implemented in order to achieve compliance with all regulatory requirements to promote the best interests of its investors and the integrity of the market;
xii) regular ongoing training program for all personnel to comply with competence standards according to the definition in this law and approved by-laws pursuant to this Law;
xiii) information that they have in place accounting systems and controls adequate and information on operational procedures;
xiv) information on reporting procedures that enable them to comply with reporting requirements to the Authority;
xv) definition of procedures that enable them to comply with reporting requirements to investors;
xvi) detailed information of the well-documented risk management process;
xvii) definition of procedures to comply with legislation on prevention of money laundering;

2. The Authority approves by regulation a set of standardized documents for the purpose of ensuring that any application is complete.

Article 17
Minimum financial requirements for investment firms

1. An investment firm seeking a license to carry out one or more of the regulated activities must meet the minimum financial requirements.

2. The minimum initial capital for an investment firm which does not deal on its own account or does not subscribe to financial instruments on the basis of the commitment to the

transaction, but which maintains and manages the account of the client's financial instruments and offers one or more of the following services, should be ALL 16 250 000**:**

a) receive and transmit client orders for financial instruments;

b) execute client orders for financial instruments;

c) administration of individual portfolios of investments in financial instruments.

3. An investment firm which is not entitled to provide ancillary services within the meaning of point "a", paragraph 5 under Article 3 of this Law and which offers one or more of the services defined in points "a", "b "and "d "of paragraph 48, Article 3, and that it is not allowed to hold accounts of securities belonging to clients, it is necessary to have:

a) minimum initial capital of ALL 6 500 000; or

b) professional liability insurance policy or other similar guarantee against liability for claims occurred as a result of its actions or omissions, not less than ALL 65 000 000 for each claim and not less than ALL 97 500 000 for all claims in a calendar year;

c) a combination of initial capital and professional liability insurance in a form which results in a level of cover equal to that referred to in points "a" and "b" of this paragraph.

4. An investment firm, which proposes to carry out regulated activities, which are not provided for in the preceding paragraphs of this Article, shall have an initial capital of not less than ALL 95 000 000, excluding the definition in the points "ë" and "f" paragraph 48 of Article 3.

5. Investment of the capital of the investment firm in financial instruments shall not be considered as a regulated activity - trading on its own account.

Article 18
Conditions of grant of licence

1. In granting a licence or registration the Authority may:
a) specify and describe the regulated activity or activities to which the licence or registration relates;
b) specify the registration to be subject to such conditions or restrictions as the Authority thinks fit.
2. Any legal person who is granted a licence, recognised or registered under this Law, or any individual/natural person who is registered under this Law is subject to the continuous supervision of the Authority and must ensure that it/they comply at all times with the obligations imposed by this law and any regulations made by the Authority, under this Law.

3. Any legal person or registered person who contravenes any condition or restriction imposed on a licence or registration may be subject to such intervention action as the Authority thinks fit under its powers in this Law as set out in Article 30, under this Law.

Article 19
Simultaneous decision procedures concerning granting of a licence

1. At the time of granting of a license to an investment firm, the Authority may also decide at the same time on the following applications:

a) the investment firm's application for licensing;
b) application by the owners of qualifying holding for approval for acquisition of a qualifying holding in the investment firm
c) application for issuance of approval for a member of the management board/supervisory board or senior manager of the investment firm.

Article 20
Refusal of licence

1. The Authority refuses the grant a licence to an investment firm:

a) If the applicant does not meet the requirements of Articles 13 to 17 in any respect and specifically if, taking into account the need to ensure the sound and prudent management of an investment firm, the Authority is not satisfied as to the suitability of shareholders or senior managers or administrators;
b) unless it is satisfied that the company will be able to meet the conditions of this Law; and
c) where the effective exercise of the supervisory functions of the Authority is prevented by:
i) ownership links between the applicant and other legal or natural persons;
ii) the laws, regulations or administrative provisions of another country or territory governing natural or legal persons with whom the applicant has close links;
iii) difficulties involved in the enforcement of those laws, regulations and administrative provisions.

Article 21
Variation of licence or registration of a licensed or registered person

1. The Authority may, at the request of a licenced or registered person vary a licence or registration by adding or removing a regulated activity to or from those already specified in the licence or registration.
2. If it has been granted the licence referred to in Article 18, an investment firm may submit a request for extension of its licence for the provision of additional investment services or activities or related ancillary services, not foreseen at the time of licensing as well related to financial instruments on which already granted authorisation does not apply.
3. In considering the request for variation the Authority must have regard to:

a) The applicant's ability to show its compliance with all the matters in Articles 14 relating to the new activity;
b) The professional experience and competence of a senior person designated to carry out managerial functions for the new activity;
c) Whether the applicant is currently in full compliance with the legal requirements for for the licensed activity;
ç) Whether the applicant has in the past three years been subject of reprimands or sanctions in relation to its regulated activities.
4. The Authority may:
a) approve the application to vary the licence or registration subject to such conditions or restrictions as it thinks fit; or
b) refuse the application to vary the licence or registration on any of the grounds set out in Article 20, under this Law.
5. When the Authority refuses an application under this part, it must give notice.

Article 22
Application for registration as a tied agent of a licenced person

1. Any person who is or proposes to become a tied agent of a licenced person may make an application for registration with the Authority to be permitted to carry on regulated business for their licensed investment firm in one or more capacities.
2. A tied agent of an investment firm may only carry on any one or more regulated activities that their licensed principal is permitted to carry on. However, the combination of regulated activities that is allowed to be carried will on depends on the nature of the regulated activities, and whether there are inherent conflicts arising from simultaneously carrying on the regulated activities, which will be determined by the Authority.
3. An applicant for registration of a tied agent must demonstrate that he is a fit and proper person in accordance with Article 13 and regulations under this Law prescribed by the Authority.

4. The procedure for application for registration the documents that must accompany the application and the contents of such registration, must be made in such manner as the Authority may prescribe by regulations.

Article 23
Grant of registration of tied agents

1. In accepting a registration, the Authority may:
a) specify and describe the regulated activity or activities to which the registration relates;
b) specify the registration is to be subject to such conditions or restrictions as the Authority thinks fit.
2. Any person who is registered under this Law is subject to the continuous supervision of the Authority and must ensure that he complies at all times with the obligations imposed by this Law and any regulations made by the Authority.
3. Any person, who contravenes any condition or restriction imposed on a registration may be subject to such intervention action as the Authority thinks fit under its powers in this Law shown in Article 30, under this Law.

Article 24
Refusal of approval of registration of a natural person or of a tied agent

1. The Authority refuses to grant a registration:
a) If the applicant does not meet the requirements of Article 13, under this Law in any respect and specifically if, the Authority is not satisfied as to the suitability of its shareholders or key persons; and
b) where in the case of legal person the effective exercise of its supervisory functions is prevented by:
i) ownership links between the applicant and other legal or natural persons;
ii) laws, by-laws or administrative provisions of another country or territory governing individuals, natural/legal persons with whom the applicant has close links;
iii) difficulties involved in the enforcement of those laws, by-laws and administrative provisions.

Article 25
Register of tied agents

1. The Authority shall keep and update on a regular basis the register of tied agents who are licensed by the Authority.
2. The register of tied agents referred to in paragraph 1 under this Article shall be a public register.

3. The register shall include the following minimum information:
a) the name and surname of the natural person or the name of the company and registered office of the tied agent;
b) the name of investment firm on whose behalf the tied agent acts;
c) the activities which the tied agent performs on behalf of the investment firm.

Article 26

Obligations of investment firms to monitor tied agents

1. Investment firms appointing tied agents shall:
a) monitor the activities of their tied agents so as to ensure that they comply with the provisions of this Law and the by-laws adopted on the basis of this Law when performing the activities permitted;
b) ensure that a tied agent discloses the capacity in which he is acting and the investment firm which he is representing when contacting or before dealing with any client or potential client, or before undertaking any of the permitted;
c) take adequate measures in order to avoid any negative impact that the activities of the tied agent not covered by the scope of this Law could have on the activities permitted which are carried by the tied agent on behalf of the investment firm.
2. Investment firms which have for any reason terminated or discontinued their relationship with a tied agent, who is either an individual, natural or legal person, must inform the Authority without delay and give reasons for the end of the relationship.

Article 27

Application for recognition of persons licensed in foreign countries

1. Where a legal person established in a country other than The Republic of Albania wishes to carry on investment business in The Republic of Albania and is licensed by a foreign regulatory authority, the Authority may but is not obliged to recognise the Licence granted by such a foreign competent authority where it is established that:
a) the legal person is established in a county other than The Republic of Albania;
b) the legal person is currently licensed under the law of that country to carry on investment business generally or investment business of the kind that it wishes to carry on in The Republic of Albania;
c) the legal person demonstrates that the members of the management bodies, senior managers and those exercising control over the applicant are fit and proper persons.
2. For the purposes of this Law a legal person is established in country other than the Republic of Albania if its head office is situated in that country and it does not transact investment business from a permanent place of business in the Republic of Albania.
3. The procedure for application for recognition must be made in such manner as the Authority may prescribe by regulations.
4. This Article applies to a foreign legal person only if, in the opinion of the Authority, the provisions of the Law under which it is licensed to carry on the regulated activity in

question provides to investors in the Republic of Albania, in relation to the carrying on of that business, protection which is at least equivalent to that provided for them by the provisions of this Law.

5. The Authority when estimating recognition of foreign investment firms shall take into consideration the existence of equivalent arrangements for recognition of foreign investment firm in the home country's legislation of the applicant.

Article 28

Establishment of a branch or representative office in the Republic of Albania

1. A foreign investment firm may provide investment services in the Republic of Albania in accordance with this Law and any regulations made under it whether by the establishment of a branch or representative office, or by the use of a tied agent established in the Republic of Albania provided that those services and activities are covered by a licence granted by their home country competent authority.
2. Any foreign investment firm wishing to establish a branch or representative office within the Republic of Albania or to use tied agents established in the Republic of Albania must first notify the Authority and provide it with the following information:

a) details of the licence granted to it by its home country competent authority;
b) a programme of its operations setting out the investment services or other services proposed to be offered in the Republic of Albania;
c) the organisational structure of the branch or representative office, including information indicating whether the branch intends to use tied agents and the identity of those tied agents;
ç) where tied agents are to be used in the Republic of Albania in which the foreign investment firm does not intend to establish a branch, a description of the intended use of the tied agents and an organisational structure, including reporting lines, indicating how the foreign investment firm will ensure compliance with the law and by-laws of the Republic of Albania
d) the address in the Republic of Albania from which documents may be obtained;
dh) the names of those senior managers in the Republic of Albania or abroad responsible for the management of the branch, representative office or of the tied agent.

3. Unless the Authority has reason to doubt the adequacy of the administrative structure or the financial situation of a foreign investment firm, taking into account the activities envisaged, it must, within three months of their receipt recognise the foreign investment firm and inform their home state or country regulatory authority and the foreign investment firm accordingly.
4. Permission to establish a branch may only be granted if:

a) The foreign investment firm or its home country regulatory authority has transmitted to the Authority such information as the Authority prescribes or requires;
b) Satisfactory supervisory cooperation has been established between the regulatory authority in the investment firm's home country and the Authority in the Republic of Albania;
c) The investment firm is subject to adequate supervision in their home country;

ç) The investment firm meets the requirements imposed for carrying out business in its home country and these requirements provide investors in the Republic of Albania with protection at least in line with the protection provided to them when investing with domestic investment firms.

5. Where the Authority refuses to grant recognition to the foreign investment firm it must notify the home state regulatory authority and foreign investment firm giving its reasons for its refusal within three months of the submission date of the complete application.
6. In the event of a change in any of the information provided in accordance with paragraph 2, a foreign investment firm must give written notice of that change to the Authority at least one month before implementing the change.

Article 29

Provision of services in a foreign country by an Albanian investment firm

1. A domestic investment firm may provide investment services outside the Republic of Albania whether by the establishment of a branch or by the use of a tied agent in a foreign country provided that those services and activities it proposes to provide outside the Republic of Albania are covered by a licence granted by the Authority.
2. A domestic investment firm wishing to establish a branch or to use tied agents outside the Republic of Albania must first notify the Authority and provide it with the following information:

a) a programme of its operations setting out, inter alia, the investment services proposed to be offered in the foreign country;
b) the organisational structure of the branch and indicating whether the branch intends to use tied agents and the identity of those tied agents;
c) where tied agents are to be used in a foreign country and the domestic investment firm does not intend to establish a branch, a description of the intended use of the tied agents and an organisational structure, including reporting lines, indicating how the agents fit into the corporate structure of the domestic investment firm;
ç) the address in the foreign country from which documents may be obtained;
d) the names of those responsible for the management of the branch or of the tied agent; and;
dh) confirmation from the foreign regulatory authority that it may carry on the proposed activities in the foreign country.

Article 30

Revocation and Suspension of Licence, Registration or Recognition

1. If it appears to the Authority that a person who is licensed, registered or recognised has contravened any provision of this Law or of any by-laws made under it or has provided the Authority with false, inaccurate or misleading information:

a) the person must cease to be licensed, registered or recognised; or
b) licence, registration or recognition must be suspended for a specified period or until specified conditions are complied with.

2. A suspension under this Article must not exceed a period of three months, however, the Authority may, if it considers necessary, extend the suspension for a further period not exceeding three months.
3. The Authority must, at the expiry of the suspension period specified under paragraph 2 of this Article, lift the suspension or revoke the licence, registration or recognition, as the Authority considers appropriate.
4. The Authority revokes or suspends a licence, registration or recognition except as provided for in this Article, when:

a) the person goes into liquidation or bankruptcy procedures;
b) the person carries out regulated activities outside the scope of the licence;
c) the person has a temporary administrator appointed;
ç) the person ceases to carry on the regulated activity business for a period of more than 180 days unless it has obtained the approval of the Authority to do so;
d) the management board/supervisory board members or key employees of the person concerned have not, in the opinion of the Authority, performed their duties honestly and fairly;
dh) the person has contravened or failed to comply with any condition applicable in respect of the licence;
e) the person fails to comply with a direction of the Authority;
ë) the person fails to provide the Authority with such information as it may require;
f) the person provides false or misleading information;
g) for any other reason, is no longer fit and proper person to hold a licence; or
gj) the person is in breach of any other provision under this Law.

5. In the case of a recognised foreign person the Authority may consult the relevant foreign competent authority before giving a direction under this part unless it considers it essential in the interests of investors that the direction should be given forthwith.
6. The Authority must give public notice of any decision made to suspend or revoke a licence.
7. The Authority shall, withdraw the license of the Bank to conduct investment services when;

a) The Bank of Albania decides to revoke the license of the Bank to conduct such activities;
b) The bank is in the conditions shown in this Article as long as it is applicable for the Bank.

Article 31
Procedure of direction, suspension or revocation

1. Before giving a direction or making a suspension or revocation, the Authority must:

a) give a notice to the person concerned, setting out the reasons for the proposed action and affording the person concerned the opportunity of making representations in writing; and
b) take such steps as it considers reasonably practicable to bring the notice to the attention of any other persons who are, in the opinion of the Authority, likely to be affected by any such notice.

2. If the Authority considers it essential to do so, it may give a direction:

a) without following this notification procedure; or
b) if the Authority has begun to follow this procedure, regardless of whether the period for making representations has expired.

Article 32
Effect of Revocation of Licence, Registration or Recognition

1. A revocation or suspension of a licence, registration or recognition must not:
a) render void or affect an agreement, contract, transaction or arrangement that relates to a market transaction entered or approved by the person concerned before the revocation or suspension; or
b) affect the right, obligation or liability of any person arising under the contract, agreement, transaction or arrangement referred to point "a" under this paragraph.
2. The Authority may, where there is a revocation or suspension, by notice in writing:
a. require the person to cease the conduct of activities for a defined period of time or until the Authority permits that person to resume the activity;
b. require the person concerned to transfer its client assets and records to such other person as the Authority may specify in the notice; or
c. permit the person concerned, subject to such conditions as the Authority may specify in the notice, to
i) carry on the essential business operations for the protection of the interests of clients during the period of suspension; or
ii) in case of a revocation, carry on business operations only for the purpose of closing down the business activity.

Article 33
Withdrawal of Applications for Licences, Registration or Recognition

1. An application for the grant of a licence, registration or recognition may be withdrawn before it is considered by the Authority.
2. Subject to paragraphs 3 and 4 under this Article, a licence, registration or recognition granted may be withdrawn by the Authority at the request or with the consent of the licensed, registered or recognised person.
3. The Authority may refuse to withdraw any such licence, registration or recognition if it considers that the public interest requires any matter affecting the person concerned to be investigated by the Authority using its own powers before any decision is made on the request.
4. The Authority may also refuse to withdraw a licence, registration or recognition where in its opinion it is desirable that a prohibition or restriction should be imposed on the person concerned under this Law or that a prohibition or restriction imposed on that person should continue.
5. The Authority must give public notice of any withdrawal under paragraph 2 of this Article.

Article 34
Employment of Prohibited Individuals

1. Where it appears to the Authority that any natural person is not a fit and proper person or is no longer permitted by law to be employed or to act as a tied agent of any licenced, recognised or registered person or act in connection with any regulated activity, it may direct that he or she must not, without the written consent of the Authority, be so employed or act as a tied agent by or for any licensed registered or recognised person.
2. The Authority may make a public disclosure of a disqualification direction.

PART III
APPROVAL OF THE MANAGEMENT BODIES MEMBERS OF THE INVESTMENT FIRM AND CERTIFICATION OF THE SENIOR MANAGERS

Article 35
Administrators, Management Board/Supervisory Board Members of the Investment Firm

1. The investment firm shall be managed by at least one manager, appointed General Director. Depending on the type and size of the company, the Authority may request the appointment of more than one manager. The Management Board shall be composed of at least three members, independent of and other than the administrators of the company.
2. The provisions of this Law and By-laws adopted pursuant to this Law shall apply mutatis mutandis to all administrators, management board/supervisory board members of the investment firm.
3. The management board/supervisory board members of the investment firm must be of sufficiently good repute and must have the required professional qualifications and be sufficiently experienced so as to ensure the sound and prudent management/supervision of the investment firm.
4. The administrators of the investment firm shall direct the business of the investment firm on a full-time basis and on the basis of employment with the investment firm.
5. The administrators of the investment firm shall direct the business of the investment firm from the territory of the Republic of Albania.
6. The Authority with the by-law hereby approves the requirements to be met by administrators/members of the management board/supervisory board of the investment firm, the content of the application for approval for this position, the documents which must accompany the application and the content of the documents.

Article 36
Approval for appointment

1. A person may be appointed administrator, management board /supervisory board member of the investment firm only subject to prior approval of the Authority.
2. Application for issuance of the approval referred to in paragraph 1 under this Article shall be submitted by competent body of the investment firm.
3. The applicants referred to in paragraph 1 under Article shall enclose with their application proof of compliance with the requirements set out in Article 35, under Article of this Law.
4. The person who has obtained approval of the Authority for the position in one investment firm shall re-apply to the Authority and obtain its approval prior to his/her appointment to the same position in another investment firm.
5. The Authority shall refuse approval for the appointment of a manager/ management board/supervisory board member if:

a) the person proposed does not meet the requirements set out in Article 35, under this Law;
b) the Authority has objective and demonstrable grounds for believing that the activities the person engages in or has engaged in pose a threat to the management of the investment firm in accordance with the risk management requirements of Article 52 under this Law and by-laws under this Law adopted in accordance with this Law;
c) the application for issuance of approval contains false statements or information.

Article 37
Withdrawal and lapse of approval for appointment of the administrator, management board/supervisory board member

1. The Authority shall withdraw the approval for appointment of the administrator, management board/ supervisory board member in the following cases:

a) administrator, management board/supervisory board member no longer meets the initial requirements;
b) manager, management board/supervisory member of the repeatedly fails to meet the obligation to establish and evaluate efficiency of the policies or internal procedures aimed at establishing all the necessary arrangements for the investment firm to comply with this Law or fails to meet the obligation to undertake relevant actions with a view to eliminating irregularities in the operation of the investment firm;
c) if the approval has been granted on the basis of false information.

2. If the Authority withdraws approval issued to the manager, management board/supervisory board member, the investment firm is obliged to take, without delay, a decision to replace that member of the management board/supervisory board.
3. In the case referred to in paragraph 2 of this Article, the company shall appoint their replacements, without the Authority's consent, for a maximum term of three months.
4. Within the three-month period referred to in paragraph 3 of this Article, the replacement must be approved in accordance with the procedure in Article 36 of this Law.

5. Approval issued to an administrator; management board/supervisory board member of the investment firm shall lapse if:

a) the person is not appointed to or does not assume the office to which the approval relates within 12 months of the date of issuance of the approval;
b) the person's term of office expires;
c) the person's contract of employment with the investment firm expires.

Article 38

Certification of individual persons as senior managers of a licenced person

1. Any natural person who is proposed to become employed in the role of senior manager as defined in Article 39 of this Law, and exercise key functions other than the management/supervisory board members must be certified by the management board/supervisory board of the investment firm as fit and proper to be permitted to carry on regulated business for their licensed employer in one or more of the capacities shown in Article 39 of Law.
2. Any natural person who is or it is proposed to become employed in the role of senior person must demonstrate that he is a fit and proper person in accordance with fit and proper requirements of Article 13 of this Law and fit and proper regulation of the Authority.
3. The Authority shall issue a regulation on the certification procedure.
4. Any individual who is proposed to be hired as a broker/investment adviser/ portfolio manager or other similar positions, in accordance with the activities for which the investment firm is authorised are certified in accordance with the requirements of this Article and Regulation approved for that purpose by the Authority.
5. The investment firm shall certify senior managers by providing them with a document on fit and proper, the validity of which should be reviewed at least once per year or at the time the person is hired by the company.
6. The investment firm shall ensure that certified persons have the relevant qualifications as defined in paragraph 7 of this Article.
7. The Authority shall issue a regulation on the relevant qualifications certified persons of investment firms must have.
8. Persons who are not certified shall not be allowed to carry out the activities referred to in paragraphs 1 and 4 of this Article.
9. The investment firm shall make available to the Authority the list of employees it has certified, at least once a year or at any time at the request of the Authority.
10. The investment firm shall regularly inform the Authority in timely manner on each employee it has certified or each employee who left the company for any reason.

Article 39
Senior managers' certification regime

1. The following are regarded as key functions where the senior person carrying out the duties needs to be certified by the management board:
   a) Head of the Finance Department;
   b) Head of the Compliance Department;
   c) Head of the Anti-money Laundering Department;
   ç) Head of the Risk Management Department;
   d) Head of the Internal Audit Department.
2. The procedure for approval, lapse of approval or withdrawal of certification of a senior person follows that required for the management board/supervisory board member in Articles 35, 36 and 37 under this Law.
3. For each senior person, who exercises key functions the firm must have in place a statement of responsibility that must show the responsibilities that the certified senior person is to perform as part of their function and their reporting requirements.
4. It is the responsibility of the management board/supervisory board of the investment firm to ensure that each senior person who exercises key functions in 1 must pass the test of fit and proper in accordance with Article 13 under this Law.
5. In smaller firms more than one of the prescribed responsibilities in paragraph 1 of this Article. In this case the firm must be able to show that this is appropriate and justifiable. A clear explanation of any prescribed responsibility is needed in a person's statement of responsibility.
6. With the exception of paragraphs "b", "c" and "ç" of paragraph 1 of this Article, the company may delegate to third parties one or more of the above functions, provided that third parties meet all the requirements to be adequate and appropriate under this Law.
7. Although the above functions may be delegated, the investment firm shall be responsible for any act or omission by third parties to whom the function has been delegated.

Article 40
Maintenance of registers of approved persons and certified persons

1. The Authority must keep a register of all those persons as members of management bodies.
2. The register will contain the details of each approved management board/supervisory board member verified as fit and proper.
3. The management board/supervisory board of each investment firm will keep a record of the details of each person certified by in as fit and proper and of any withdrawals or cancellations of certification.
4. The record of the details of each senior person certified by the management board/supervisory board of the investment firm as fit and proper will be available for inspection and subject of control by the Authority.
5. The register of approved as members of management board shall show records of withdrawal of approvals of members of management bodies.

6. The register shall be confidential and not for public disclosure. The register shall be used only by the Authority in cases where approval is requested by an investment firm for any person that has previously held a position as a member of a management body or senior person in another investment firm.

Article 41
Appointment of the senior manager

1. A person may be appointed as senior person of the investment firm only subject to prior certification by the management board/supervisory board.
2. The appointment, in accordance with paragraph 1 of this Article, shall be valid for a period of time not exceeding five years.
3. The person who has obtained certification for the position as senior person in one investment firm must be recertified prior to appointment to the position of senior person in another investment firm.
4. In the case referred to in paragraph 3 of this Article, the investment firm may appoint a substitute without certification, for a maximum term of three months.
5. Within the three-month period the replacement of the senior person must be certified in accordance with the procedure prescribed in Article 38 under this Law.

Article 42
Standards of professional conduct for certified persons

1. In performing the activities related to investment services provided by investment firms to clients, certified persons shall act in compliance with:

a) the provisions of this Law and by-laws adopted under this Law; and
b) any relevant professional rules and standards.

2. The Authority may but is not obliged to further provide by regulation for the conduct of certified persons.
3. The Authority shall require an investment firm to withdraw certification issued to a person if:

a) The certified person is under investigation and court process or convicted by final judgement for a criminal act or acts affecting the property, security of payment transactions and operations, in performing economic activities, or of any criminal law related to the company, court process or convicted of an economic crime or a crime involving fraud, organization and management of fraudulent and pyramid-shaped loan programs, as well as money laundering and terrorism financing;
b) the certified person no longer meets initial requirements on the basis of which the certification was granted by the investment firm;
c) the investment firm establishes that the certification had been granted on the basis of false information.

4. The Authority may require the investment firm to withdraw certification if the certified person has deliberately violated the rules of a stock exchange or a multilateral trading facility in ways that have caused damage or loss to clients of the company or other market participants or has enabled the person to make personal profits at their expense;
5. The Authority may require an investment firm to withdraw certification if it has information that the certified person has violated the regulations or rules of a foreign competent authority.
6. If a certified person violates the provisions of this Law or persistently commits misdemeanors or felonies, the Authority may ban the person from acting as a certified person in the Republic of Albania.

PART IV
DUTY TO INFORM THE AUTHORITY

Article 43
Change of business activity orientation

1. An investment firm shall inform the Authority in advance if there are significant changes:
a) in the conduct of the business activity or the type of business activity the investment firm intends to conduct or if it intends to discontinue certain regulated activities;
b) in the target client base.
2. The Authority may approve such changes if they do not represent a significant change in the conditions on which the licence was granted.
3. If the changes proposed are regarded by the Authority as significant, the Authority may require the firm to apply for a variation or extension in the conditions of its licence.

Article 44
Change of persons exercising managerial responsibility

1. All investment firms must inform the Authority in advance of the identity and any other subsequent changes of the management board/supervisory board members and senior managers who effectively exercise managerial responsibility together with all the information necessary to evaluate compliance with the requirements of Article 35 under this Law, in its own activity before such changes are implemented.
2. The Authority may refuse to approve proposed changes where there is reasonable basis to believe that the proposed person or persons are not fit and proper to effectively carry out managerial responsibility over its operations.

Article 45
Qualifying holding and exercising significant influence over an investment firm

1. Where a person proposes to or has acquired a qualifying holding of a licensed or registered person's shares by which he could exercise significant influence over the management they must notify the Authority in advance of that or when they become aware of it and such control will not become effective without the approval of the Authority.
2. The Authority may issue regulations which require a person who proposes to or has acquired such a qualifying holding to provide to it such information and or documents as it reasonably considers necessary in order to enable it to determine if:

a) the person acquiring or proposing to acquire a qualifying holding is a fit and proper person to have the same; and
b) the interests of investors would not be threatened by the change of the qualifying holding;

3. The Authority shall decide to approve or refuse the change of qualifying holding within three months of the date of notification of the change. If the Authority, at the end of the assessment, decides to refuse to modify the qualifying holding, no later than the assessment period, the Authority shall inform the person in writing and provide the reasons for the decision of refusal. An adequate statement of the reasons for the decision may be made available to the public by request of the person concerned, but this does not prevent the Authority from making such a statement in absence of a request from the person.
4. The Authority's approval may be given unconditionally or subject to such conditions as the Authority thinks fit.
5. If the Authority proposes to impose conditions on a person having a qualifying holding, it must give him notice in accordance with the procedure in Article 46 under this Law.

Article 46
Improperly acquired shares in an investment firm

1. If a person has acquired, or has continued to hold, any shares in an investment firm in contravention of:

a) a notice of refusal by the Authority; or
b) a condition imposed by the Authority;

The Authority may by notice in writing direct that any such shares until further notice may be subject to one or more of the following restrictions:

i. a transfer of (or agreement to transfer) those shares, or in the case of unissued shares any transfer of (or agreement to transfer) the right to be issued with them, is void;
ii. no voting rights are to be exercisable in respect of the shares;
iii. no further shares are to be issued in right of them or in pursuance of any offer made to their holder;
iv. except in a liquidation, no payment is to be made from the investment firm in respect of the shares.

CHAPTER IV

CONDUCT OF BUSINESS OF ANY LICENSED ACTIVITY

PART I

GENERAL RESPONSIBILITIES OF ALL INVESTMENT FIRMS

Article 47
Fundamental principles

1. When providing investment services and/or, where appropriate, ancillary services to clients, an investment firm shall act in accordance with the best interest of its clients, fairly and professionally and comply with the provisions of this Law.
2. The members of the management board, supervisory board, brokers, senior managers, certified persons, investment advisers and other employees of the investment firm and tied agents shall safeguard the information on the clients, the balance and transactions in the clients' accounts, the services they provide to the clients, as well as other information and facts they learn in connection with the provision of the investment services and, where appropriate, ancillary services. Such information shall be regarded as confidential and the persons referred to in this paragraph shall neither use them or disclose to third parties nor enable third parties to use them.
3. The information referred to paragraph 2 of this Article shall not be treated as confidential when such information is requested by the Authority, judicial and administrative bodies in exercise of their supervisory and other public authorities in accordance with this Law or another Law, or when clients are requested to authorize disclosure of specific information.

Article 48
Duty to act honestly and professionally

1. All licensed, registered and recognised persons in accordance with this Law must:

a) act honestly and impartially in the best interests of investors and integrity of the market;

b) act with due skill and care, by observing professional rules, best business practice and other acts in power in the Republic of Albania;

c) exercise of all the rights and duties provided for in this Law, regardless of whether any of them are delegated to third parties;

ç) ensure confidentiality with respect to the client data concerning dealing in or ownership of securities or financial resources which can only be disclosed upon a court

order, a memorandum of understanding on information exchange assuring mutual confidentiality, a request of an individual client or a custodian appointed by the client;

d) ensure that all advertising and promotional documents, communications and announcements to clients, whether delivered or published in the press or public electronic media, be clear, accurate, not misleading, and that they are compliant with this Law and Regulations of the Authority or any other competent authority in another country in the case of a recognised person or a person licensed or registered in the Republic of Albania conducting activity in another country;

dh) ensure that a contract with a client for services or portfolio management gives a complete description of the services to be provided, specify the cost of such services and the clients' rights;

e) ensure their clients are given all the information as to the nature of the investment and the financial implications of the transaction as will enable that client to make an informed decision;

ë) if permitted to hold client assets to ensure clients' assets are held and maintained in segregated bank accounts;

f) disclose to the clients the terms and conditions of the transactions, including any applicable commissions or other fees;

g) trade financial instruments in compliance with the licence granted by the Authority;

gj) ensure that the transactions carried out for a client were on the basis of best execution;

h) if not permitted to hold or control client assets or money ensuring that assets purchased on behalf and for the account of the client are deposited for the safekeeping of a licenced custodian appointed by the client;

i) deliver to the client promptly a copy of all the original contacts or other documents related to the transactions for the account of the client, immediately upon the preparation of these documents or upon their receipt;

j) keep records of the transactions involving clients' securities and money assets separately from their own accounts and records concerning clients and reconcile them with the assets held by a custodian appointed by the client,

k) provide regular reports to clients on portfolios and transactions as agreed in the original contract with the client;

l) submit to the Authority regular reports as provided in this Law and Regulations under this Law;

ll) report to the Authority report to the Authority any changes related to the members of the management board/supervisory board, senior managers, qualifying shareholdings and paid in capital and financial resources as well as any other changes related to the licencing requirements or any other matters previously approved by the Authority as required by the Authority;

m) allow the Authority to inspect the records kept by the licensed investment firm and make those records available in a timely manner and allow interviews with any persons performing any activities in the investment firm;

n) not enter into any contracts or agreements for the purpose of a limitation or change of responsibilities and liabilities provided for in this Law. Any such contracts or agreements shall be considered null and void;

nj) make sure that its certified employees act in compliance with this Law and the relevant applicable by-laws;

o) manage the portfolios for which it has discretionary management under a written contract with the client in accordance with the investment objectives provided in the contract;

p) issue clear and intelligible orders to a custodian for any action that is required to safeguard the interests of clients or take up any rights.

2. The Authority shall approve by regulations special rules for the code of conduct.

Article 49
Organisational responsibilities

1. All licensed, registered and recognised persons pursuant to this Law must meet the following requirements:

a) to have an organisational chart that illustrates the permitted activities, responsibilities and limits on the authority of all members of the management body, senior managers and other certified employees;

b) to identify clearly and have documented procedures for managing the potential adverse consequences of any conflict of interest;

c) to be adequately equipped to manage the risks to which it may be exposed and to have a documented risk management function;

ç) to ensure that any outsourcing of important operational functions is not be undertaken in such a way as to impair materially the quality of its internal control arrangements or the ability of the Authority to supervise its compliance with its obligations or arrangements under this Law or and any regulations that may be approved by the Authority;

d) to have systems appropriate to and adequate for the type, extent and volume and of business that it is intended to conduct;

dh) initially and on an on-going basis, sufficient financial resources to facilitate its orderly functioning, having regard to the nature and extent of the services provided and the range and degree of the risks to which it may be exposed and to maintain financial resources accounts that show the paid in capital and risk adjusted assets sufficient to cover its liabilities at all times.

Article 50
Regulations with regard to Conduct of Business Activity

1. The Authority may further provide by regulations for such standards for the conduct of the activities of a licensed, recognised and registered investment firms as the Authority considers necessary in the interests of client protection, for the fair and orderly operation of

financial markets, to prevent systemic risks to the financial system, and for the purpose of raising professional standards of investment firms and registered and recognised persons.

2. Among other regulations regulations may include:

a) requiring from investment firms that use tied agents to impose restrictions on the investment business that may be carried on by them;

b) ensuring the disclosure of interests in, and facts material to transactions which are entered into or in respect of which advice is given in the course of carrying on regulated activity, including information as to any commissions or other inducements received or receivable from a third party in connection with any such transaction;

c) ensuring that clients receive information as to the nature of the investment and the financial implications of the transaction as to enable them to make an informed decision;

ç) arrangements for the form and content of advertisements in respect of investments;

d) regulating the manner in which a person makes a market in any investments;

dh) arrangements for the settlement of client disputes;

e) requiring a person to whom the rules apply to make provision for the protection of investors in the event of the cessation of investment business in consequence of death, incapacity or other circumstances.

Article 51
Organisational and Internal Procedures

1. All licensed, recognised and registered investment firms must conduct their business through an appropriate administrative and accountability structure, which includes adequate internal audit and risk management procedures and processes of a size and capability appropriate for their activity and that enable the investment firm to monitor its risks and own compliance with this act and any regulations made under it.
2. That organisational structure must reflect an appropriate separation and clear designation of responsibilities and reporting lines of senior managers and have an effective internal system for dissemination of information.

Article 52
Risk Management Function

1. A licensed, recognised or registered investment firm shall have a risk management function, appropriate for the business conducted by it.
2. The purpose of this system is to ensure that all business and operational risks are identified controlled and mitigated. The risks include:

a) failure to comply with this Law and by-laws under this Law;

b) failure to identify and control conflicts of interest;

c) failure to control adherence to contractual agreements with clients;

ç) failure to categorise clients as eligible counterparties, professional clients, qualified clients or retail clients;
d) failure to apply the correct procedures to each category of client;
dh) application of incorrect or not best transaction prices;
e) failure to treat clients and investors fairly;
ë) losses to clients resulting from administrative failure;
f) failure of communication with and control of service suppliers;
g) failure to control sales outlets and tied agents;
gj) loss of confidence of clients resulting from misleading promotional activity;
h) loss of business through bad results and poor service.

3. The management board/supervisory board of the investment firm is responsible for ensuring that:

a) an independent risk management function is implemented and maintained;
b) it receives regular reports on the risk management process;
c) it is informed of any major risks as they arise and are identified;
ç) that all relevant risks are identified and quantified;
d) the risk management framework is designed and understood;
dh) the board has continuing oversight of the risk function;
e) there are regular reviews and tests of the risk management framework.

4. The risk management functions shall be independent and report directly to the management board/supervisory board or administrators.

5. The risk management function is responsible for:

a) monitoring and assessing risks in accordance with the agreed process;
b) providing manuals for each department;
c) internal training of personnel in risk management and identification of risks;
ç) compiling and presenting to the board regular reports on risk management;
d) suggesting changes in the risk management process from current experiences;
dh) Identifying new risks resulting from changes in the environment, the business model or new products.

Article 53
Internal audit

1. Every investment firm must have an internal audit function which may be delegated but provided that it meets all the requirements of paragraph 2 of this Article:
2. The internal audit function shall report directly to the management board/supervisory board such as follows:

a) checking whether the investment firm is organized in a way that promotes effective and prudent management of the business activity and providing information to the management board/supervisory board regarding organisational and accounting matters;

b) ensuring that all staff are properly trained, understand their roles and responsibilities and equipped with procedures manuals;
c) ensuring that all operational personnel adhere to the rules and procedures that relate to their particular jobs;
ç) identifying weaknesses in systems and controls that could lead to losses or compliance failures;
d) checking compliance with the company's governance principles, setting the policies and strategies for complying with those principles, and assessing annually the adherence to those policies and strategies;
dh) ensuring adequacy of financial controls and adherence to agreed limits of responsibility for directing expenditure;
e) identifying and investigating possible instances of theft fraud or malpractice by personnel;
ë) on improvement or revision of objectives, strategy, business plans and major policies that govern the operation of the institution;
f) to enable the review of business objectives, strategy and policies, and control their application by senior managers;
g) ensuring that the accounting function of the investment firm provides accurate and timely information on own capital financial resources, capital adequacy and profitability.

Article 54
Capital adequacy and financial resources

1. All domestic investment firms licenced by the Authority must maintain the financial resources specified for the categories of regulated activity for which they are licenced.
2. The level of initial capital of an investment firm depends on the type and scope of investment services and activities in respect of which the investment firm applies for approval by the Authority.
3. The Authority will adopt regulations based on the capital adequacy requirements for each category of investment firm according to the services they exercise, and their combination or size,
4. Initial capital of an investment firm must be fully paid up in cash and the shares that constitute the initial capital may not be issued before full amount of the price of issue is paid.

Article 55
Full-service investment firms

1. Full services firms are the firms if licensed in order to conduct all the following regulated activities:

a) reception and transmission of orders in relation to one or more financial instruments;
b) execution of orders on behalf of clients;
c) dealing on own account;
ç) portfolio management, excluding management of a collective investment undertaking which is covered in the Collective Investment Undertakings Law;
d) investment advice activity;
dh) underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
e) placing of financial instruments without a firm commitment basis;

2. A full-service firm must maintain adequate capital as determined by regulation
3. The Authority may provide for the application of a formula based on either permanent initial capital or fixed overhead requirements, or risk-based financial resources, depending on the size and range of activities carried out by a licenced entity.
4. The Authority may also provide further by regulation a standard format for calculation of capital adequacy.
5. The Authority determines by specific regulatory requirements for the portfolio management activity.

Article 56
Firms carrying on limited regulated activities

1. A limited regulated activities firm that only executes orders and a firm not licenced to hold client money or assets, and which offers only the following activities:

a) reception and transmission of orders in relation to one or more financial instruments;
b) execution of orders on behalf of clients
c) investment advice

2. Own funds of a limited regulated activities firm must at all times be equal amount of fixed capital determined by regulation.
3. Own funds of a limited regulated activities firm must be maintained in liquid form and must be capable of being converted to cash within thirty days.

Article 57
Capital requirements for banks

Banks operating in securities markets in accordance with Article 15 of this Law and in accordance with the provision of paragraph 2 under Article 54 of Law No. 9662, dated 18.12.2006, "On Banks in the Republic of Albania", will follow the capital requirements according to the relevant by-laws approved by the Bank of Albania.

Article 58
Conflicts of interest and Related Party Transactions

1. All investment firms must have in place systems, procedures and controls to identify, prevent and manage any actual or potential conflicts of interest and related party transactions.
2. All members of the management board/supervisory board members and senior managers of licensed, registered or recognised securities firms must disclose in advance in writing any private or business interests that may affect their judgment with respect to a particular transaction or matter whenever such a matter arises.
3. A private or business interest is one which is based on or arises from:

a) a direct or indirect economic or business relationship of any nature;
b) any other relationship;
c) gifts, promises, favours, rewards or any preferential treatments;
ç) engagements in other private profit-making or any other income-generating activities; or
d) any related party transactions.

4. An investment firm may establish ad hoc committees composed of its non-executive management board/supervisory board members, who are charged with the duty of addressing conflicts of interest and related party transactions on a case-by-case basis.
5. Where there is a non-disclosure of a private or business interest by a member if the management body or senior manager and or where a contract, an agreement or other legally binding transaction has been entered as a result of a private or business interest:

a) the licenced, registered or recognised firm may declare the contract or agreement or the legally binding transaction null and void;
b) the Authority may direct that the licensed, registered or recognised person take action against the board member or senior manager which may include but is not limited to their suspension and/or dismissal.

Article 59
Trading in financial instruments by investment firm outside the regulated market

1. An investment firm must not:

a) trade in or otherwise deal in financial instruments outside the exchange or other regulated market of which he is a trading participant without the prior approval of the client;
b) trade in financial instruments in contravention of the regulations of the Authority, the exchange or other regulated market;
c) carry out any transaction by means of any manipulative, deceptive or other fraudulent means in order to induce or attempt to induce the purchase or sale of any financial instruments outside a regulated market.

Article 60
Lending and borrowing of securities

An investment firm must not lend or arrange for the lending of any securities for the account of any client without the client's written consent or borrow or arrange to borrow using the securities for the account of any client as collateral without the client's written consent.

Article 61
Liability to Clients for investment services

An investment firm is liable to its clients in respect of any investment services and/or ancillary services that it has conducted or proposed to conduct for any act of recklessness or fraud or errors and omissions by itself or through its employees, its tied agents and/or any other party it has engaged for the provision of ancillary services to its business.

PART II
DEALINGS WITH CLIENTS

Article 62
Categorisation of clients

1. Investment firms must categorise their clients as:
a) Eligible counterparties
b) Professional investors;
c) Retail clients
ç) Qualified investors
2. The procedure for dealing with each category must be documented and a procedural manual made available to all members of staff who may deal directly or indirectly with clients.
3. The suitability test required under Article 64 of this Law must be documented in a way appropriate to each category.
4. The investment firm shall train all relevant employees and ensure that they understand the procedure set out in paragraph 2 of this Article.

Article 63
Procedure for taking on new clients

1. In order to provide legal certainty and enable clients to better understand the nature of the services provided, investment firms that provide investment or ancillary services to clients should enter into a written contract with each client, setting out the essential duties, rights and obligations of the firm and the client.
2. The contract shall be appropriate to each category of investor
3. The client contract must be a written contract that sets out the essential rights and obligations of the parties, and shall include the following:

a) information about the firm and its services for clients and potential clients including:
   i. licensed, registered or recognised status;

ii. whether the firm is a tied agent of a particular investment firm either at home or abroad;

iii. information on communications, reporting and accounting;

iv. any conflicts of interest;

v. a description of the services, and where relevant the nature and extent of the investment advice, to be provided;

b) financial instruments in which the firm is licenced to carry out transactions;

c) arrangements for safeguarding of client financial instruments or client money;

ç) commissions, costs and associated charges.

d) in case of portfolio management services, the types of financial instruments that may be purchased and sold and the types of transactions that may be undertaken on behalf of the client, as well as any instruments or transactions prohibited.

4. The contract shall also contain information about the rights of the client and procedure for making complaints against the investment firm.
5. The contract must be kept for so long as the client remains a client of the firm.
6. All clients must be informed if there are any changes in the terms and conditions set out in the contract that are a result either of a change in Laws and By-laws or of the way in which the firm intends to carry on its relationship with clients.
7. In the case that the firm intends to change the contract's provisions, that affect the client without the written consent by the client.

Article 64
Suitability and Know Your Client

1. When providing investment recommendations or advice, or conducts portfolio management activity, the investment firm must obtain the necessary information regarding the client's or potential client's knowledge and experience in the investment field relevant to the specific type of product or service, that person's financial situation including his ability to bear losses, and his investment objectives including his risk tolerance so as to enable the investment firm to recommend to the client or potential client the investment services and financial instruments that are suitable for him and, in particular, that are in accordance with his risk tolerance and ability to bear losses.
2. The Authority approves a standard form of questionnaire that must be used by each investment firm' client designed to assess the criteria provided in paragraph 1 of this Article.
3. Information required should include:

a) Client's knowledge and experience:

i. the types of service, transaction and the regulated investments with which the client is familiar;

ii. the nature, volume, frequency of the client's transactions with regulated investments; and

iii. the level of education, profession or relevant former profession of the client.

b) Information on the client's financial situation:

i) the source and extent of the client's regular income;

ii) the client's assets, including liquid assets, investments and real property; and

iii) the client's regular financial commitments and ability to bear losses.

c) Information on the client's investment objectives:

i) the client's investment horizon;

ii) the client's risk preferences, risk profile and risk tolerance; and

iii) the purposes of the investment.

Points "a" and "b" of this paragraph do not apply to an eligible counterparty, a professional client and qualified client.

4. The completed form must be signed by a senior person of the investment firm and by the client indicating that the client has given all necessary information.
5. The suitability questionnaire must be retained and made available to the Authority on request.
6. The client should be requested to inform the investment firm if there is a change in his personal circumstances that would require a change in the suitability status.
7. The company should annually review client suitability by contacting the client with a request to confirm that there is no change in their status.

8. For clients, classified as retail clients, the investment firm, according to the specific type and complexity of the instrument, the investment firm communicates in writing or through a consistent means of communication for substantial changes in the risk of the instrument. The following shall be considered as complex instruments for the purposes of this Article:

a) All types of derivative instruments provided that they are transferable;

b) Subordinated debt (subordinated debt) or other instruments, subject to the. Recapitalisation from within for its depreciation and conversion into shares, in accordance with applicable law "On the Recovery and Resolution of Banks in the Republic of Albania";

c) Structured products;

ç) Contracts for Differences (CFDs);

d) Other instruments, which have a complex structure and are difficult to understand by the client.

9. In relation to the instruments referred to in point "b" of paragraph 8 of this Article, the investment firm in his notice provides in particular the explanation of the risk of losing it all investments, relating to:

a) Bankruptcy

b) Insolvency of the issuer;

c) Recapitalisation from within;

ç) Depreciation;

d) Conversion.

Article 65

Retail clients' appropriateness who are not receiving advice or recommendations

1. For retail clients, who do not receive advice or recommendations, the investment firm seeks information on their knowledge and experience in the investment field for the product or service offered or requested.
2. The information is used to assess whether the product or service offered is appropriate for the client. In cases where these products or services are provided as a package, the evaluation considers the entire package offered, if appropriate.
3. In cases where the investment firm assesses that the product or service offered is not suitable for the current or potential client, the investment firm warns the client that the product or service is not suitable for him. This warning is documented in a standardized format and is carried out in writing or through a consistent means of communication.
4. In cases where current or prospective clients refuse to provide the information requested by the company to conduct an assessment of their suitability, or in cases where the information provided is insufficient, the investment firm warns clients that the investment firm cannot determine if the product or service offered is suitable for them. This shall be documented in a standardized format and is done in writing or through a consistent means of communication.

5. The fulfilment of the requirements of this article must be proven by the investment firm through documentation. In cases where the client refuses to provide information, the investment firm must keep the documentation proving the fulfilment of this request.
6. The suitability test documentation must be kept and made available to the Authority, if necessary.
7. Notwithstanding the foregoing, the investment firm in any case executes the client's order.
8. The requirements referred to in this article also apply in the case of the first issue of securities through the financial intermediary or the issuer itself.

Article 66

Exemptions from the need to apply appropriateness test

1. An investment firm may provide to its clients investment services that only consist of reception and transmission and/or execution of orders on behalf of a client with or without ancillary services and without the need to obtain the information or make the assessment referred to in Article 65 of this Law, if all the following conditions are fulfilled:

a) the services relate to:

i. shares admitted to trading on a regulated market, where these shares represent equities in a company, excluding units of Collective Investment Undertakings which are not Undertakings for Collective Investment in Transferable Securities (UCITS), and shares that embed a derivative in their structure;

ii. bonds or other forms of securitized debt or covered bonds that are traded on a regulated market, securities issued by the Government of the Republic of Albania, excluding those bonds or securitized debt that embed a derivative, which include a derivative instrument or have a structure, which makes it difficult for the client to understand the instrument.

iii. money market instruments, excluding those instruments, that embed a derivative or have a structure that makes it difficult for the client to understand the instrument;

iv. units in publicly offered open ended collective investment undertakings which are Undertakings for Collective Investment in Transferable Securities (UCITS).

b) the service is provided at the initiative of the client or potential client when the client has specifically requested not to be given advice;

c) the client or potential client has been clearly warned that in the provision of these services the investment firm is not required to assess whether the instrument or service provided or offered is suitable for the client and that therefore he does not benefit from the corresponding protection of the relevant conduct of business regulations. This warning is provided in a standardized written format or by a consistent means of communication.

ç) in respect of which integral information on their characteristics is publicly available and as such is likely to enable an average retail client to take an informed decision on entering into a transaction in connection with the instrument in question.

2. A third country market shall be considered as equivalent to the regulated market in the Republic of Albania if it complies with equivalent requirements to those established under this Law for regulated markets.

Article 67
Definition of service at initiative of a client

1. A service shall be considered not to be provided at the initiative of a client in the case when the client demands it in response to a personalized communication from or on behalf of the investment firm, which contains an invitation or is intended to influence the client in respect of a specific financial instrument or specific transaction.
2. A service shall be considered to be provided at the initiative of the client notwithstanding that the client demands it on the basis of any communication containing a promotion or offer of financial instruments made by any means that by its very nature is general and addressed to the public or a large group or category of clients or potential clients.

Article 68
Protection and custody of client's assets

1. Investment firms authorized to perform the ancillary service referred to in point "a" of paragraph 5 under Article 3 of this Law may perform custody and administration of financial instruments on behalf of their clients.
2. The money in clients' account of the investment firm shall be maintained with an approved bank, separate and distinct from the investment firm's assets.
3. The investment firm cannot perform any other action with the money of clients, except that ordered by the client.
4. The investment firm may only use the client's money to pay the obligations relating to the investment services and activities it offers to the client and may not use them to pay the obligations of other clients.
5. Money in client accounts shall not belong to the investment firm and shall not form part of its assets, shall not be affected in the event of liquidation or bankruptcy of the investment firm.
6. Money in client accounts shall not be used for the performance of the obligations of the investment firm
7. The investment firm may open a securities account on its behalf with the Central Security Depositary (CSD).

8. The investment firm may open a client account on behalf of its clients at the Central Security Depository, separate from its account.
9. The investment firm shall ensure that all shares executed on behalf of clients for the purchase or sale of securities are reflected in the securities account of the client, in accordance with settlement orders.
10. The investment firm may only use the securities of client accounts on the basis of client orders.
11. The investment firm shall ensure that the profit generated by the loan of clients' securities belongs to the client. The investment firm shall have the right to invoice the loan procurement services in accordance with the amount specified in the investment firm's price list.
12. The investment firm shall keep its securities account in an account with the central depositor or, in the case of financial instruments, which are kept outside the accounts of the central depositor, separate from the accounts of clients, provided that such securities can be lent to the clients, is the client authorizes the investment firm to borrow securities under a contract or written authorization.
13. The profit generated by borrowing the securities of the investment firm for a client will be assigned to the investment firm. The investment firm may not charge the client for the loan of securities of the investment firm.
14. The securities of the investment firm's clients do not belong to the investment firm and are not part of his assets.
15. The securities of the investment firm's clients shall not be subject to liquidation proceedings or the bankruptcy of the investment firm.
16. The securities of the investment firm's clients shall not be subject to the procedure of the mandatory execution, in order settle the liabilities of the investment firm.
17. In order to safeguard clients' rights in relation to clients' financial instruments and assets, the investment firm shall meet the following requirements:

a) keep records and accounts when necessary to enable assets belonging to one client to be separated from another at any time;
b) keep records and accounts so as to ensure the accuracy and in particular ownership of client financial instruments and client funds;
c) carry out periodic audits and financial audits between its internal accounts and accounting records and those of third parties whose assets are held in custody;
ç) must have a sufficient organizational structure to ensure that the risk of losing the client's assets is minimized or to ensure rights in relation to such assets, such as the result of misuse, fraud, mismanagement, inadequate record keeping or negligence.

18. In cases where the assets of clients are held by an external custodian, ensure that these assets are transferred for safekeeping to an authorized custodian, so that the assets belong to specific clients to be specifically identified.
19. The investment firm responsible shall take all measures necessary for the implementation of the existing legislation "On the prevention of money laundering and terrorism financing".

20. The Authority may approve by regulation further provisions for the processing of custody activity, as well as the application for approval of custody activity.

Article 69
Disputes and Complaints Handling

1. An investment firm must establish and operate procedures for the timely handling and resolution of any disputes and complaints made by their clients.
2. Each client must be provided with an explanation of their rights and the procedure by which they may make a complaint against the investment firm
3. The Authority may determine by regulation the procedure under which unresolved complaints against the investment firm may be addressed to the Authority.
4. The Authority may provide further by regulation for the treatment and handling of disputes and complaints and require an investment firm to maintain a register of complaints and periodically or when required to do so by the Authority report to the Authority on the number and nature of disputes and complaints which have been made in respect of its activity.

PART III
RESEARCH AND RECOMMENDATIONS

Article 70
Requirements for investment firms carrying out research and making recommendations to clients

1. Recommendation means research, or other information recommending or suggesting, explicitly or implicitly, an investment strategy, concerning one or several financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public. Explicitly recommending or suggesting an investment strategy shall mean recommendations such as “buy”, “hold” or “sell”. Implicitly recommending or suggesting an investment strategy shall mean the recommendation by reference to a price target or otherwise.
2. Research or other information recommending or suggesting investment strategy means:

a) information produced by an independent analyst, an investment firm, a bank, any other person whose main business is to produce investment recommendations or a natural person/individual working for them under a contract of employment or otherwise, that, directly or indirectly, expresses a particular investment recommendation in respect of a financial instrument or an issuer;

b) Information produced by persons other than the persons referred to in point "a" of this paragraph, which directly recommends a particular investment decision in respect of a financial instrument.

3. Provider of recommendations means a natural person/individual or legal person producing or disseminating recommendations in the exercise of his profession or the conduct of his business.
4. `Issuer' means the issuer of a security to which a recommendation relates, directly or indirectly.
5. Appropriate regulation shall mean regulation, including self-regulation, by which it is ensured that the provider of recommendations which produces or disseminates recommendations take reasonable care to ensure that these recommendations are fairly presented and disclose his interests or indicate conflict of interest concerning the financial instruments to which recommendations relate.

Article 71
Identity of providers of recommendations

1. Any recommendation shall disclose clearly and prominently the identity of the person responsible for its production, in particular, the name and job title of the individual who prepared the recommendation and the name of the legal person responsible for its production. Where the provider of recommendation is not an investment firm or a bank, the recommendation shall disclose the identity of the relevant firm or the bank. Where the provider is neither an investment firm nor a bank but is subject to self-regulatory standards or codes of conduct, the recommendation shall disclose a reference to those standards or codes.
2. In the case of non-written recommendations, requirements laid down in paragraph 1 under this Article shall be deemed complied with if such recommendation includes a reference to the place where such disclosures can be directly and easily accessed by the public, such as an appropriate internet site of the provider of recommendations.
3. Paragraph 1 of this Article shall not apply to journalists, provided that such regulation achieves similar effects as those of paragraph 1 and provided that the general standards in article 74 of this Law are observed.

Article 72
General standard for fair presentation of recommendations

1. A provider of recommendations shall take reasonable care to ensure that:
a) Facts are clearly distinguished from interpretations, estimates, opinions and other types of non- factual information;
b) All sources are reliable or, where there is any doubt as to whether a source is reliable, this is clearly indicated;
c) All projections, forecasts and price targets are clearly labelled as such and that the material assumptions are indicated:
i. which are based on such projections, forecasts and price targets,
ii. which are used for the production of these projections, forecasts and price targets.
2. In the case of non-written recommendations, standards laid down in paragraph 1 under this Article shall be deemed complied with if such recommendations include a reference to the place where such disclosures can be directly and easily accessed by the public, such as an appropriate Internet site of the provider of recommendations.
3. Upon request of the Authority, an investment firm shall explain the grounds for the recommendation.
4. Appropriate regulations that apply for the media shall achieve similar effects as those of paragraph 1 and 3 of this Article.

Article 73
Additional obligations in relation to fair presentation of recommendations

1. In addition to the obligations laid down in Article 72 of this Law, where the provider of recommendation is an independent analyst, an investment firm, a bank, any related legal person, any other provider of recommendations whose main business is to produce recommendations, or a natural person working for them under a contract of employment or otherwise, such persons shall take reasonable care to ensure that at least:
a) all relevant sources of information are indicated, which have been used as a basis for the recommendation, as appropriate, including the name of the issuer to whom the recommendation is related and whether the recommendation has been disclosed to that issuer and amended following this disclosure before its dissemination;
b) any basis of valuation or methodology used to evaluate a financial instrument or an issuer of a security, or to set a price target for a security, is adequately summarized;
c) the meaning of any recommendation made (such as ‘buy’, ‘sell’ or ‘hold’) which may include the time horizon of the investment to which the recommendation relates, is adequately explained and any appropriate risk warning, including a sensitivity analysis of the relevant assumptions, indicated;

ç) reference is made to the planned frequency, if any, of updates of the recommendation and to any major changes in the coverage policy previously announced;

d) the date at which the recommendation was first released for distribution is indicated clearly and prominently, as well as the relevant date and time for any financial instrument price mentioned in the recommendation;

dh) where a recommendation differs from a previous recommendation concerning the same security or issuer, issued during the 12-month period immediately preceding its release, this change and the date of the earlier recommendation are indicated clearly and prominently.

2. Where the requirements laid down in paragraph 1, points "a"; "b" and "c" would be disproportionate in relation to the length of the recommendation distributed, it shall suffice to make clear and prominent reference in the recommendation itself to the place where the required information can be directly and easily accessed by the public, such as a direct Internet link to that information on an appropriate Internet site of the provider of recommendations, provided that there has been no change in the methodology or basis of valuation used.
3. In the case of non-written recommendations, standards laid down in paragraph 1 under this Article shall be deemed complied with if such recommendation includes a reference to the place where such disclosures can be directly and easily accessed by the public, such as an appropriate Internet site of the provider of recommendations.

Article 74
General standard for disclosure of interests and conflicts of interest

1. A provider of recommendations shall disclose all relationships and circumstances that may reasonably be expected to impair the objectivity of the recommendation, in particular where the company or any affiliated company owns shareholdings exceeding 5% of the total issued share capital in the relevant issuer held by the firm or any affiliated company in one or more of the securities which are the subject of the recommendation, or a significant conflict of interest with respect to an issuer to which the recommendation relates.
2. Where the provider of recommendations is a legal person, requirement from paragraph 1 of this Article shall apply also to any legal or natural person working for it, under a contract of employment or otherwise, who was involved in preparing the recommendation.
3. Where the provider of recommendations is a legal person, the information to be disclosed in accordance with paragraphs 1 and 2 of this Article shall at least include the following information on its interests and conflicts of interest:

a) interests or conflicts of interest of the provider of recommendations or of related legal persons that are accessible or reasonably expected to be accessible to the persons involved in the preparation of the recommendation;
b) interests or conflicts of interest of the provider of recommendations or of related legal persons known to persons who, although not involved in the preparation of the recommendation, had or could reasonably be expected to have access to the recommendation prior to its dissemination to clients or the public.

4. The recommendation itself shall include disclosures referred to in paragraphs 1, 2 and 3 under this Article. Where such disclosures would be disproportionate in relation to the length of the recommendation distributed, it shall suffice to make clear and prominent reference in the recommendation itself to the place where such disclosures can be directly and easily accessed by the public, such as a direct Internet link to the disclosure on an appropriate internet site of the provider of recommendations.
5. In the case of non-written recommendations, standards laid down in paragraphs 1 and 2 shall be deemed complied with if such recommendation includes a reference to the place where such disclosures can be directly and easily accessed by the public, such as an appropriate internet site of the provider of recommendations.
6. Appropriate rules that apply for the media shall achieve similar effects as those of paragraph 1 and 4 under this Article.

Article 75
Additional obligations in relation to disclosure of interests or conflicts of interest

1. In addition to the obligations laid down in Article 76, where the recommendation is produced by an independent analyst, an investment firm, a bank, any related legal person, or any other provider of recommendations, the recommendation shall clearly and prominently disclose the following information on their interests and conflicts of interest:

a) major shareholdings that exist between the provider of recommendations or any related legal person on the one hand and the issuer on the other hand. These major shareholdings include at least the following instances: when shareholdings exceeding 1 % of the total issued share capital in the issuer are held by the provider of recommendations or any related legal person, or when shareholdings exceeding 1 % of the total issued share capital of the provider of recommendations or any related legal person are held by the issuer;
b) other significant financial interests held by the provider of recommendations or any related legal person in relation to the issuer;
c) where applicable, a statement that the provider of recommendations or any related legal person is a market maker or liquidity provider in the securities of the issuer;

ç) where applicable, a statement that the provider of recommendations or any related legal person has been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of securities of the issuer;

d) where applicable, a statement that the provider of recommendations or any related legal person is party to any other agreement with the issuer relating to the provision of investment banking services, provided that this would not entail the disclosure of any confidential commercial information and that the agreement has been in effect over the previous 12 months or has given rise during the same period to the payment of a compensation or to the promise to get compensation paid;

dh) where applicable, a statement that the provider of recommendations or any related legal person is party to an agreement with the issuer relating to the production of the recommendation.

2. Investment firms and banks shall, in general terms, disclose organizational and administrative arrangements for the prevention and avoidance of conflicts of interest with respect to recommendations, including information barriers.
3. For natural persons/individuals or legal persons working for an investment firm or a bank, under a contract of employment or otherwise, and who were involved in preparing the recommendation, the requirement under Article 76 of this Law shall include, in particular, disclosure of whether the remuneration of such persons is or is not related to the investment banking transactions performed by the investment firm or bank or any related legal person. Where those natural persons/individuals acquire the shares of the issuers prior to a public offering of such shares, the price at which the shares were acquired, and the date of acquisition shall also be disclosed.
4. Investment firms and banks shall disclose, on a quarterly basis, the proportion of all recommendations that are "buy", "hold", "sell" or equivalent terms, as well as the proportion of issuers corresponding to each of these categories to which the investment firm or the bank has supplied material investment banking services over the previous 12 months.
5. The recommendation itself shall include disclosures required by this Article.
6. Where such requirements would be disproportionate in relation to the length of the recommendation distributed, it shall suffice to make clear and prominent reference in the recommendation itself to the place where such disclosure can be directly and easily accessed by the public, such as a direct Internet link to the disclosure on an appropriate internet site of the investment firm or a second-tier bank.
7. In the case of non-written recommendations, standards laid down in paragraph 1 shall be deemed complied with if such recommendation includes a reference to the place where such disclosures can be directly and easily accessed by the public, such as an appropriate Internet site of the investment firm or a second-tier bank.

Article 76
Dissemination of recommendations produced by third parties

1. Whenever a natural person/individual or legal person in the exercise of his profession or the conduct of his business under his own responsibility disseminates a recommendation produced by a third party, the recommendation shall indicate clearly and prominently the identity of that provider of recommendations.
2. When the person disseminating recommendations produced by the third party substantially alters the recommendation, that person shall clearly and in detail indicate that alteration.
3. Whenever the substantial alteration from paragraph 2 of this Article consists of a change of the direction of the recommendation (such as changing a "buy" recommendation into a "hold" or "sell" recommendation or vice versa), the requirements laid down in Article 75 paragraph 1 of this Law) on providers of recommendations are met by the disseminator, to the extent of the substantial alteration.
4. Legal persons who themselves, or through natural persons/individuals, disseminate a substantially altered recommendation have to adopt a formal written policy so that the persons receiving the information may be directed to where they can have access to the identity of the provider of the recommendation, the recommendation itself and the disclosure of the provider's interests or conflicts of interest, provided that these elements are publicly available.
5. In case of dissemination of a summary of a recommendation produced by a third party, the provider of recommendations disseminating such summary shall ensure that the summary is clear and not misleading, mentioning the source document and where the disclosures related to the source document and the place that the information disseminated related to the source recommendation can be directly and easily accessed by the public, provided that this information is publicly available.

Article 77
Additional obligations for investment firms and banks

1. In addition to the obligations laid down in this part, whenever the provider of recommendations is an investment firm, a bank or a natural person/individual working for such persons under a contract of employment or otherwise, and disseminates recommendations produced by a third party, they are obliged:

a) to clearly and prominently indicate the name of their competent authority;
b) to fulfil requirements laid down in Article 74 of this Law when the provider of recommendations did not disseminate it through a distribution channel;
c) to fulfil requirements laid down in Article 76 of this Law alters the recommendation.

Article 78
Statistics from public institutions and market institutions

Public institutions and market institutions disseminating statistics liable to have a significant effect on financial markets shall disseminate them in a fair and transparent way.

PART IV

INVESTMENT FIRMS CONDUCT IN RELATION TO CARRYING OUT TRANSACTIONS FOR CLIENTS

Article 79
Client orders

1. An order is a statement of a client's will made to an investment firm instructing the latter to buy or sell financial instruments on his behalf.
2. By acceptance of an order, the investment firm enters into a contract by which it undertakes to buy and sell financial instruments in accordance with the order and for the account of the client, and the client undertakes to pay remuneration for the execution of such transactions.
3. If the investment firm does not accept an order, it shall notify the client without delay.

Article 80
Procedure for receipt of client orders

1. An investment firm shall accept client orders for purchase and sale of financial instruments at the firm's registered office or at a branch designated for execution of client orders.
2. An investment firm may also receive written client orders at a branch where client orders are not executed, or at the registered office or a branch of a tied agent, which receive client orders in the name of the investment firm if the client personally contacts that branch of the investment firm or branch of a tied agent or a tied agent.
3. When an investment firm receives orders in the manner described under paragraph 2 of this Article, special operating conditions shall provide for the deadline by which the order must be received at the firm's registered office or the branch which executes accepted client orders. The investment firm shall specifically warn the client of such provision of special operating conditions at the time of conclusion of the contract.
4. An order shall be regarded as received at the time when it is received at the head office of the investment firm or at the branch of the investment firm which executes client orders.

Article 81
Orders through tied agents of investment firms

1. An investment firm may appoint a tied agent who will, on its behalf, perform the following activities:
a) promoting the services of the investment firm;
b) offering the services of the investment firm;
c) receiving and transmitting orders from clients or potential clients;
ç) placing financial instruments;
d) providing advice in respect of financial instruments and services offered by the investment firm.
2. A tied agent must not handle money and/or financial instruments of clients or potential clients of the investment firm.
3. A tied agent may perform the activities referred to in paragraph 1 of this Article on behalf of one investment firm only.

Article 82
Responsibility of the investment firm for tied agent

1. Where an investment firm appoints a tied agent, it remains fully and unconditionally responsible for any action or omission on the part of the tied agent when acting on behalf of the firm.
2. The firm must ensure that any orders derived from one of its tied agents complies fully with the provisions for receipt and handling client orders.

Article 83
Confirmation of receipt of client order

1. An investment firm shall confirm reception of the order to the client no later than the first working day following the receipt of the order.
2. Paragraph 1 of this Article shall apply accordingly to change and cancellation of an accepted order.

Article 84
Acceptance and rejection of client orders

1. If an investment firm does not accept a client's order, it must inform the client on rejection of the order immediately upon receipt of the order, unless a different time limit is provided

under paragraphs 2 or 3 of this Article. In its notice the investment firm shall indicate the reasons for rejection of the order.

2. If the general operating conditions of the investment firm provide that the firm has no obligation to accept an order for sale of financial instruments until the client enables the investment firm to use the financial instruments that are the subject of the order, the time limit for the notice referred to in paragraph 1 of this Article shall run:

a) where the subject of the order is dematerialized securities registered with the central depository:

i. from the time when the investment firm is able to establish that the client does not have or has insufficient securities that are the subject of the order in his/her/its account at the investment firm; or

ii. if the client gives to the investment firm, along with the sale order, an appropriate order for transfer of securities from another account of the same holder, from the time when the investment firm is able to establish that such order cannot be executed;

b) where the subject of the order are other financial instruments, from the time when the investment firm is able to establish that the client enabled the firm to handle such instruments.

3. Where an investment firm asks the client, at the time it receives a purchase order, to make an advance payment for the purchase price and expenses in connection with execution of the order, the time limit for the notice referred to in paragraph 1 shall run from the time when the investment firm is able to establish that the advance payment has not been made within the agreed period.

4. If an investment firm does not refuse to execute an order, it shall be deemed to have accepted the order on expiry of the time limit for dispatch of the notice concerning rejection of the order.

Article 85
Money laundering, market manipulation and insider trading

1. An investment firm must not accept or execute a client order if it has reasonable grounds to suspect that its client is engaging in market manipulation, insider trading, money laundering or the financing of terrorism.
2. Where an investment firm has decided not to accept or execute an order under paragraph 1 of this Article above, it must document the circumstances of and reasons for its decision in writing and the investment firm must notify the Authority and the General Directorate of Prevention of Money Laundering of this matter within 3 working days in compliance with the field legislation.

Article 86
Execution of client limit orders

1. Limit order within the meaning of this Law is an order to buy or sell a financial instrument at its specified price or better and for a specified size.
2. If a client limit order for purchase or sale of securities admitted to trading on a regulated market cannot be executed immediately under prevailing market conditions, an investment firm shall take measures to facilitate the earliest possible execution of that order, unless the client expressly instructs otherwise.
3. The measures referred to in paragraph 2 of this Article shall include the making public, without delay, of that order in a manner which is easily accessible to other investment firms.
4. An investment firm shall be deemed to have complied with the obligation under paragraph 2 of this Article if it transmits the client limit order to the trading system of a regulated market or an MTF.

Article 87
Priority of Client Orders

1. An investment firm must execute client orders to make transactions before executing any transaction in the same financial instrument for its own account.
2. An investment firm must execute client orders to make transactions received from clients in accordance with the order in which the instruction was given by the client and must not give priority to orders of certain clients over other clients.
3. An investment firm is prohibited from dealing in any financial instrument for their own benefit, or for the benefit of another client, or for the benefit of an account which they have an interest in, including any account which they have a discretion on, if such dealing is on the basis of prior knowledge that a client order has been or will be entered on the same financial instrument.

Article 88
Transactions by individual employees of an investment firm for themselves

1. Individual members of the management body, senior managers, or registered employees are subject to the same restrictions that apply to the investment firm which must be subject to:

a) specific permission to carry out a transaction for themselves to ascertain whether that conflicts with any other current business or transactions on behalf of the clients;

b) verification that there are no conflicts of interest or prior knowledge of evets not know to the market generally;

c) carrying out the transaction only through the investment firm of which they are a member of the management body and approved senior person or registered employees;
ç) arrangements for recording permission given and time stamping the transaction.
2. Transactions by individuals for themselves are exempted from paragraph 1 of this Article if they are:
a) in a publicly offered collective investment undertaking;
b) as part of a licenced individual pension scheme;
c) in connection with an employee share participation scheme.

Article 89
Eligible counterparties

Investment firms may provide investment services and perform investment activities for eligible counterparties but are only obliged to comply with the obligations under 72-78 and 85 of this Law in respect of those transactions or in respect of any ancillary service directly related to those transactions.

Article 90
Timely Execution

1. Where an investment firm accepts a client order or decides in its discretion, if it is managing a portfolio over which the client has given discretion, to execute a client order, it must execute the order as soon as is practical in the circumstances.
2. Both receipt of an order from a client to carry out a transaction and the carrying out of the transaction must be time stamped in order to provide proof of both timeliness and order of priority.

Article 91
Best execution

1. Where an investment firm deals with or for a client, it must provide best execution.
2. An investment firm must take all sufficient steps to obtain, when executing orders, the best possible results for its clients taking into account the execution factors.
3. The Authority will consider that best execution will have taken place where:
a) acting as the agent of the client the investment firm ensures that the order is executed at the best prevailing price in the market or markets for the size of the order; or
b) acting from its own portfolio, the investment firm executes the transaction at a better price for the client than it would have obtained if it executed the order in accordance with point "a" of this paragraph.
c) The company must establish and implement effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible results for its clients.

Article 92
Factors in determining best execution

1. When executing client orders, an investment firm shall take into account the following criteria for determining the relative importance of the factors:

a) the characteristics of the client including the categorisation of the retail client or professional client;

b) the characteristics of the client order;

c) the characteristics of financial instruments that are the subject of that order;

ç) the characteristics of the execution venues to which that order can be directed.

2. An investment firm satisfies its obligation under this Article to take all sufficient steps to obtain the best possible result for a client to the extent that it executes an order or a specific aspect of an order following specific instructions from the client relating to the order or the specific aspect of the order.

3. Speed, likelihood of execution and settlement, the size and nature of the order, market act and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client.

4. Whenever there is a specific instruction from the client, a firm must execute the order following the specific instruction. However, an investment firm should not induce a client to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction to the client, when the firm ought reasonably to know that an instruction to that effect is likely to prevent it from obtaining the best possible result for that client.

5. The costs relating to execution should include an investment firm's own commissions or fees charged to the client for limited purposes, where more than one venue listed in the firm's execution policy is capable of executing a particular order.

   In such cases, the investment firm's own commissions and costs for executing the order on each of the eligible execution venues should be taken into account in order to assess and compare the results for the client that would be achieved by executing the order on each such venue.

   However, it is not intended to require a firm to compare the results that would be achieved for its client on the basis of its own execution policy and its own commissions and fees, with results that might be achieved for the same client by any other investment firm on the basis of a different execution policy or a different structure of commissions or fees. Nor is it intended to require a firm to compare the differences in its own commissions which are attributable to differences in the nature of the services that the firm provides to clients.

Article 93
Communication of best execution regulation to clients

1. An investment firm must establish and implement an order execution regulation to allow it to obtain the best possible result for the execution of client orders and must communicate that to clients:

a) An investment firm must provide appropriate regulations and procedure information to its clients on its order execution policy;

b) That information must explain clearly how orders will be executed by the firm for the clients including:

i. a list of the execution venues on which the firm places significant reliance in meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders and specifying which execution venues are used for each class of financial instruments, for retail client orders, for professional client orders;

ii. a list of factors used to select an execution venue, including qualitative factors such as clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration, and the relative importance of each factor;

iii. the information about the factors used to select an execution venue for execution shall be consistent with the controls used by the firm to demonstrate to clients that best execution has been achieved in a consistent basis when reviewing the adequacy of its policy and arrangements;

iv. how the execution factors of price costs, speed, likelihood of execution and any other relevant factors are considered as part of all sufficient steps to obtain the best possible result for the client;

v. where applicable, information that the firm executes orders outside a trading venue, the consequences, for example counterparty risk arising from execution outside a trading venue, and upon client request, additional information about the consequences of this means of execution;

vi. a clear and prominent warning that any specific instruction from a client may prevent the firm from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those order;

vii. a summary of the selection process for execution venues, execution strategies employed, the procedures and process used to analyse the quality of execution obtained and how the firms monitor and verify that the best possible results were obtained for client.

Article 94
Demonstration of best execution

An investment firm must be able to demonstrate to the client at the client's request that the order was executed in accordance with the regulations of the investment firm for execution of orders and to demonstrate to the Authority at the request of the latter, that the firm has acted in accordance with this Article.

Article 95
Best execution for securities financing

In order to comply with the obligation of best execution, an investment firm, when applying the criteria for best execution for professional clients, will typically not use the same execution venues for securities financing transactions and other transactions.

The securities financing transactions shall be used as a source of funding subject to a commitment that the borrower will return equivalent securities on a future date and the terms of the securities financing transactions are typically defined bilaterally between the counterparties ahead of the execution.

Therefore, the choice of execution venues for securities financing transactions is more limited than in the case of other transactions, given that it depends on the particular terms defined in advance between the counterparties and on whether there is a specific demand on those execution venues for the financial instruments involved. As a result, the order execution policy regulation established by the firm should take into account the particular characteristics of securities financing transactions and it should list separately execution venues used for securities financing transactions.

Article 96
Permission to execute orders outside a regulated market

1. Where an investment firm's order execution policy provides for the possibility that client orders may be executed outside a regulated market, a firm must, in particular, inform its clients about that possibility.
2. An investment firm must obtain the express prior consent of its clients before proceeding to execute their orders outside a regulated market.
3. An investment firm may obtain such consent either in the form of a general contract or in respect of individual transactions.

Article 97
Timely allocation

An investment firm when executing any transaction based on a client order must ensure that the transaction is without delay allocated to the account of that client.

Article 98
Aggregation of client orders and fair allocation

1. If client orders for transactions required to be made as a single transaction on the same terms at the same time are aggregated by an investment firm with those of other clients the investment firm must:

a) allocate the securities fairly between the clients whose orders are aggregated in proportion to the value of each order;

b) if as a result of aggregation, the total of client orders transacted does not add up to the total of the orders requested the number of securities purchased or disposed of must be distributed proportionately to each client aggregated in proportion to the value of each client's requested order;

c) carry over the uncompleted portion of an aggregated order until the next day on which dealings are possible and then apply the principle in point "a" of this paragraph.

ç) must not aggregate a client's order with those of the investment firm's own orders if the order is for a security traded on the regulated market unless such aggregation is performed in accordance with any regulations issued by Authority or the exchange, or by the regulated market.

Article 99
Recommendations

1. An investment firm must not make a recommendation with respect to any financial instruments to a person who may reasonably be expected to rely on the recommendation if the investment firm does not have reasonable grounds for making the recommendation. In any case the investment firm should notify the person that the value of financial instruments may fluctuate.
2. Where an investment firm sends any communication in which that person makes a recommendation, whether expressly or by implication, with respect to any financial instruments, the communication must contain a concise statement of the nature of any interest in, or any interest in the acquisition or disposal of, the financial instruments that the person or any person associated with or connected to them has at the date on which the communication is sent.

Article 100
Prohibition on Churning in order to ensure profit

An investment firm must not advise or solicit a client to deal or deal or arrange a deal if that dealing would reasonably be regarded as contrary to the interest of the client, having regard to the number and frequency of trades relative to the client's investment objectives, financial situation and the size and character of their account.

Article 101
Transactions for or through other investment firms

1. When an investment firm receives an instruction to perform investment, transaction or ancillary service on behalf of a client through the medium of another investment firm, it shall not be obliged to verify the completeness and accuracy of the information on the client and the client's instructions for the services in question.
2. The investment firm which mediates the instructions will remain responsible for the completeness and accuracy of the information transmitted.
3. The investment firm which receives instructions to provide services on behalf of a client in the manner provided in paragraph 1 of this Article shall be able to rely on any recommendations in respect of the service or transaction that have been provided to the client by another investment firm.
4. The investment firm which mediates the instructions will remain responsible for the appropriateness for the client of the recommendations or advice provided.
5. The investment firm which receives client instructions or orders through the medium of another investment firm shall be responsible for concluding the service or transaction, based on the information or recommendations referred to in paragraphs 1 to 4 of this Article, in accordance with the provisions of this Law.

Article 102
Monitoring of best execution arrangements

An investment firm must monitor the effectiveness of its order execution arrangements to identify and, where appropriate, correct any deficiencies. In particular it must assess, on a regular basis, whether the execution venues included in the order execution regulation provide for the best possible result for the client or whether it needs to make changes to its execution arrangements.

PART V
RECORD KEEPING AND AUDITORS

Article 103
Record Keeping

1. An investment firm must keep proper accounts and records that show the transactions, effected on its behalf or on behalf of others and the financial position of its regulated activity.
2. The records and accounts maintained under paragraph 1 of this Article must:

a) disclose with accuracy, the financial position of an investment firm at any given time;
b) enable an investment firm to prepare a statement of financial position and a statement of comprehensive income at any given time in such form as the Authority shall determine; and
c) show whether an investment firm is maintaining adequate financial resources to meet its business commitments and withstand the risks to which its business is exposed to.

Article 104
Records to be up to date

1. An investment firm must ensure that its records are updated on a daily basis.
2. An investment firm must establish procedures that facilitate its compliance with its financial resource, client asset and working capital requirements.
3. The investment firm must also establish procedures for:

a) daily reconciliations of funds held in the client accounts;
b) daily calculations of the working capital and financial resource; and
c) the maintenance of a record of daily calculations and reconciliations.

Article 105
Conformity with accounting standards

1. An investment firm must keep its accounting records in accordance with the accounting standards provided for in the applicable legislation on accounting and financial statements.
2. The Authority may provide further by regulation for requirements for accounting standards for investment firms.

Article 106
Retention of records

An investment firm must preserve its accounting records for the period of time required by applicable legislation.

Article 107
General requirements for accounting

1. Investment firms shall keep accounts and prepare and make public their annual financial statements and annual reports in compliance with this Law and with the applicable legislation governing the accounting of companies and the application of financial reporting standards.
2. Investment firms shall keep accounts and prepare annual financial statements in the manner which allows for the verification of the business events recorded, of their financial position and their business performance.
3. The Authority shall define by regulation the content and reporting form of investment firms, as well as the methods and deadlines for their submission.

Article 108
Annual Financial Statements

1. An investment firm must, at the end of its financial year, prepare its annual financial statements in such form as the Authority will determine that consist of:

a) a statement of financial position, that gives a true and fair view of the state of affairs of the investment firm, as at the last day of the financial year;

b) a statement of comprehensive income, that gives a true and fair view of the investment firm's profit or loss, for the financial year;
c) a statement of changes in owners' shareholdings;
ç) a statement of cash flows; and
d) a description of the accounting policies which the investment firm has applied and adopted while preparing the financial statements.

Article 109
Annual Financial Reports and Statements

1. An investment firm must file with the Authority, within four months after the end of each financial year, the annual report, which shall include:
a) a report on the corporate governance policy of the investment firm and any other information required by the Authority;
b) audited financial statements prepared in accordance with the prevailing accounting standards in force in the Republic of Albania and such other requirements as may be specified in the Authority in regulations; and
c) consolidated financial statements, where the investment firm is a holding company or a controlled undertaking.
2. The financial statements to be included in an annual report under paragraph 1 of this Article must contain the information set out in Article 108 of this Law.
3. The annual report must also include an audited report on risk management procedures and their application and any other information required by the Authority.
4. The annual report must include all of the above specified information in addition to any information required in the applicable legislation "On Entrepreneurs and Companies".

Article 110
Audit Report

1. An investment firm must submit to the Authority, within four months after the end of each financial year the audit report together with:
a) its annual financial statements; and
b) a written confirmation that it has complied with this Law, regulations made under it and any other additional requirements of the Authority.
2. Where an auditor 's report on an investment firm is qualified on grounds of the auditor 's uncertainty on the completeness or accuracy of the accounting records, the investment firm must submit the report to the Authority accompanied by a written statement signed by two members of the investment firm's management board/supervisory board, stating whether:

a) all the accounting records of the investment firm were made available to the auditor for the purposes of its audit;
b) all transactions undertaken by the investment firm were properly reflected and recorded in its accounting records; and
c) all the other records of the investment firm and related information were made available to the auditor.

Article 111
Publication of reports

1. An investment firm shall make their public audited annual financial statements, or where an investment firm is a parent undertaking, their audited consolidated annual financial statements for the entire group, in the manner provided for under the regulations governing the accounting of undertakings and the application of financial reporting standards.
2. An investment firm whose head office is located outside the Republic of Albania but which has established a branch in the Republic of Albania shall publish, in the Albanian language, on the branch's website, annual financial statements prepared and audited in accordance with the regulations of the home state of the parent undertaking, annual reports, including statutory auditor ’s reports, no later than within 5 days from the expiry of the deadline for their publication in the home state of the parent undertaking.

Article 112
Appointment of Statutory auditors

1. An investment firm must appoint a statutory auditor pursuant to the provisions of the applicable legislation on the statutory audit, organization of the statutory auditor’s profession and the certified public accountant.
2. The statutory auditor of the investment firm must meet the requirements laid down in the Regulation of the Authority.

Article 113
Provision of Information to the Authority by external statutory auditor

1. The Authority may, by notice in writing, require a person who is, or who has been an external statutory auditor of:
a) a licenced or registered person; or
b) a subsidiary or a controlled undertaking of a licenced or registered person to provide such information about the licenced or registered person, subsidiary or affiliate, if the Authority considers that the information will assist it in performing its functions.

2. Notwithstanding any of the provisions other Laws, no duty to which an statutory auditor of a licenced or registered person may be subject to, must be regarded as contravened by reason of his communicating in good faith to the Authority, whether or not in response to a request from it, any information or opinion on a matter of which the auditor has become aware in his capacity as statutory auditor of that person and which is relevant to any functions of the Authority under this Law.
3. Where an statutory auditor to whom a request to provide information has been made under paragraph 1 of this Article, fails, refuses or neglects to provide the information, or provides information which is false or misleading, the Authority may disqualify him from being the statutory auditor of a licenced or registered person.
4. An investment firm must not appoint as statutory auditor a person disqualified under this Law.

Article 114

Duties of a statutory auditor

1. If the statutory auditor of the investment firm in the ordinary course of performing his duties, becomes aware of:

a) any matter which, in his opinion, adversely affects or may adversely affect the financial position of the investment firm to a material extent;

b) any matter which, in his opinion, constitutes or may constitute a breach of any provision of this Law or an offence involving fraud or dishonesty or money laundering affecting the financial stability of the investment firm to a material extent; or

c) any irregularity that has or may have a material effect on the accounts of the investment firm, including any irregularity that adversely affects or may adversely affect the assets or funds or property of investors in financial instruments the statutory auditor must immediately send to the management board a written report of the matter or the irregularity with a copy to the Authority.

2. The statutory auditor of an investment firm must not be liable to any suit in respect of any statement made in his report under paragraph 1 of this Article provided the statutory auditor has acted in good faith.
3. The Authority may impose all or any of the following duties on an statutory auditor of an investment firm:

a) a duty to submit such additional information and reports in relation to the audit as the Authority deems necessary;

b) a duty to enlarge, extend or alter the scope of the audit of the business activities of the investment firm;

c) a duty to carry out any other examination or establish any procedure in any particular case, in accordance with the applicable legislation;

ç) a duty to submit a report on any matter arising out of the audit, examination or establishment of procedure referred to in point “b” or “c” under this paragraph.

4. The statutory auditor must carry out such duties, as an extension to his ordinary audit scope for issuing an independent opinion on the financial statements.

5. The investment firm must remunerate the statutory auditor in terms of the fees schedule published by the Authority in respect of the discharge by him of all or any of the duties referred to in paragraph 3 of this Article.
6. In certain circumstances where further audit is necessary remuneration must be paid by the funds of the Authority.

Article 115
Audit Committee

1. The investment firm shall establish the audit committee composed of at least three members, the majority of whom shall be non-executive members of the management board/supervisory board.
2. At least one of the members of the audit committee must have either no less than three years of experience in accounting or auditing or a professional qualification in accounting.
3. The audit committee shall help the management board/supervisory board perform its supervisory functions vis-à-vis the shareholders and other stakeholders. In performing this function, the audit committee shall have, inter alia, the following tasks:

a) monitors the financial reporting procedures and evaluate the integrity of the investment firm's company financial statements;
b) monitors the adequacy and effectiveness of the investment firm's internal controls;
c) monitors the appropriateness and adequacy of the processes designed to ensure compliance with legal and regulatory rules;
ç) nominates the Head of the Internal Audit Unit, and monitor the Internal Audit Unit activity;
d) nominates the external auditor and review and monitor the independence of the audit firm.

4. The audit committee shall sit in ordinary meetings at least four times a year, and in extraordinary meetings whenever it is convened by the management board or supervisory board of the audit company. All decisions shall be taken with a majority of the votes of all the attending members. No abstention is allowed.
5. The audit committee may be assisted, in the performance of its functions, by external experts selected by it.
6. The salaries and bonuses of audit committee members shall be set by the investment firm general meeting.
7. The audit committee shall report to the management board/supervisory board and help it in its work to make decisions and supervise the investment firm.
8. The Authority may further provide by regulation for the required functioning of internal audit.

Article 116
Power to require a Second Audit

1. If the Authority does not agree with the audit report, it may require to the auditor:
a) additional information;
b) to explain the audit report;
c) to expand the scope of the audit or carry out other procedures that do not conflict with the applicable legislation.

2. In the event the Authority does not agree after such steps, it may request audit quality control in accordance with the applicable statutory audit legislation, the organization of the statutory auditor's profession and the certified public accountant.

3. Where the Authority rejects an audit report, it may appoint another auditor for the licenced or registered person and will fix the remuneration to be paid to the second auditor by the licenced or registered person.

CHAPTER V
MARKET INSTITUTIONS

PART I
GENERAL PROVISIONS FOR MARKET INSTITUTIONS

Article 117
Regulation of Market Institutions

1. The regulations of a market institution, which have been approved by the Authority, are binding for the market institution and its members.
2. The market institution and its members respectively must be deemed to have agreed to observe and perform the obligations under the provisions of the applicable regulations for the time being, so far as those provisions are applicable to the market institution, issuer or trading participant, clearing member or depository participant as the case may be.
3. The regulation of a market institution when approved by the Authority must not be amended or rescinded without the prior approval of the Authority.

4. Where a market institution proposes to amend its regulations, it must forward to the Authority in writing the proposed amendment, whether by rescission, alteration or addition to such regulations.
5. The Authority must, after hearing the market institution, and within twenty-eight working days of receipt of the proposed amendment give written notice to the market institution as to whether such amendments to the regulations are allowed or disallowed; and if disallowed reasons for the same must be conveyed in writing to the market institution.
6. Upon receipt of notice under paragraph 5 of this Article, the market institution must give immediate effect to such regulations.
7. Notwithstanding the provisions provided in paragraphs 6 of this Article, the Authority may amend the regulations of any market institution at the request of the market institution under paragraph 5 of this Article and such amendments must take immediate effect.

Article 118
Power of the Authority to order enforcement of regulations of market institutions

Where any person under an obligation to comply with, enforce or give effect to the regulations of a market institution fails to do so, the Authority may on request of the market institution or a person aggrieved by the failure, make an order directing that person to comply with, ensure the enforcement of the market institution regulation.

Article 119
Organisational and Internal Procedures of market institutions

1. All market institutions must conduct their business through an appropriate administrative and accountability structure, of a size and capability appropriate for their business. This structure determines the adequate internal audit and risk management procedures and processes and that enable the market institution to monitor its risks and own compliance with this Law and any by-laws issued under this Law.
2. The organizational structure must designate governance arrangements and the role of the management bodies and administrators.
3. The organizational structure must reflect an appropriate separation and clear designation of responsibilities of senior administrators and have an effective internal system for dissemination of information.

Article 120
Notification Requirements

1. All market institutions are under a duty to inform the Authority in advance of the identity and any other subsequent changes of the management body and other persons who effectively direct their business and its operations before such changes are implemented.
2. The Authority may refuse to approve proposed changes where it appears to it that there are grounds for believing that the person or persons proposed to direct the business and its operations are not fit and proper.

Article 121
Qualifying holding and exercising significant influence over a market institution

1. Where a person proposes to or has acquired a qualifying holding in the capital of the market institution by which he could exercise significant influence over the management of the institution they must notify the Authority in advance of that step or when they become aware of it. The acquisition of the qualifying holding will not become effective without the approval of the Authority.
2. The Authority may issue regulations which require a person who proposes to or has acquired such a qualifying holding in the capital of the market institution to provide to it such information and or documents as it reasonably considers necessary in order to enable it to determine if:

a) the person acquiring or proposing to acquire a qualifying holding is a fit and proper person for this purpose; and
b) the interests of investors would not be threatened by the person acquiring that holding.

3. The Authority shall notify the rejection of the proposed acquisition of the qualifying holding, within three months from the date of notification.
4. The Authority shall notify the approval of the qualifying holding acquisition that within three months from the date of notification.
5. The Authority's may approve the qualifying holding acquisition unconditionally or subject to such conditions or restrictions as the Authority thinks fit.
6. If the Authority approves the conditions on a person having a qualifying holding, the decision shall be notified in accordance with the procedure laid down.

Article 122
Improperly acquired shares in a market institution

1. If a person has acquired, or has continued to hold any shares of a market institution in contravention of;

a) a notice of refusal by the Authority; or

b) a condition imposed by the Authority;

The Authority may by notice in writing in accordance with the procedure in Article 121 of this Law, may direct that any such shares until further notice may be subject to one or more of the following restrictions;

i. a contract to transfer those shares, or in the case of unissued shares any transfer of contract to transfer the right to be issued with them, is void;

ii. no voting rights are to be exercisable in respect of the shares;

iii. no further shares are to be issued in right of them or in pursuance of any offer made to their holder;

iv. except in a liquidation, the company cannot make any payment in respect of these shares.

Article 123
Conflicts of interest and Related Party Transactions

1. All market institutions must have in place systems, procedures and controls to identify and manage any actual or potential conflicts of interest and related party transactions.

2. All members of the management board/supervisory board and the administrators and senior management of market institutions must disclose in advance in writing any private interests that may affect their judgment with respect to a particular transaction or matter when ever such a matter arises.

3. A private interest is one which is based on or arises from:

a) a direct or indirect property or business relationship of any nature;

b) any other relationship;

c) gifts, promises, favors, rewards or any preferential treatments;

ç) engagements in other private profit-making or any other income-generating activities; or

d) any related party transactions.

4. A market intuition may establish ad hoc committees composed of its non-executive members of the management board/supervisory board, who are charged with the duty of addressing conflict of interest and related party transactions on a case-by-case basis.

5. Where there is a non-disclosure of a private interest by a member of the management body or a senior person and where a contract, an agreement or other legally binding transaction has been entered as a result of a private interest:

a) The Authority may, in principle or at the request of the authorized, registered or recognized person, declare the contract, agreement or transaction null and void;

b) the Authority may direct that the licensed, registered or recognized person take action against the member of the management body or senior manager which may include but is not limited to their suspension and/or dismissal.

Article 124
Unenforceability of Market Institutions Contracts

The Authority may direct that any contract entered into by a market institution that appears to the Authority to be inconsistent with the provisions of this Law or any by-laws made under it is declared to be unenforceable.

Article 125
Obligation to cooperate with the Authority

A market institution must provide such assistance to the Authority, or to a person acting on behalf of or with the Authority and the provision of such information relating to the activity of the institution.

Article 126
Retention of records

A market institution must preserve its accounting records for a period of 10 years from the date on which they are made.

Article 127
Annual Financial Statements

1. A market institution must, at the end of its financial year, prepare its annual financial statements that consist of:
a) a statement of financial position, that gives a true and fair view of the state of affairs of the market institution, as at the last day of the financial year;
b) a statement of comprehensive income, that gives a true and fair view of the market institutions profit or loss, for the financial year;
c) a statement of changes in owners' shareholdings;
ç) a statement of cash flows; and

d) a description of the accounting policies which the market institution has applied and adopted while preparing the financial statements.

Article 128
Annual Reports

1. A market institution must file with the Authority, within four months after the end of each financial year which must include:
   a) a report on the governance policy of the market institution and any other information required by the Authority;
   b) audited financial statements prepared in accordance with the prevailing accounting standards in the Republic of Albania and such other requirements as may be specified in the Authority in regulations; and
   c) consolidated financial statements, where the market institution is a holding company or a subsidiary.
2. The financial statements to be included in an annual report under paragraph 1 of this Article must contain the information set out in Article 127 of this Law.
3. The annual report must also include an audited report on risk management procedures and their application and any other information required by the Authority.
4. The annual report must include all of the above specified information in addition to any information required by Law No. 9901, dated 14.04.2008 "On Entrepreneurs and Companies".

Article 129
Power of the Authority to require periodic reports

A market institution must submit to the Authority such reports including a risk management audit in such form, manner and frequency as may be specified by the Authority by regulations.

Article 130
Audit Report

1. A market institution must submit to the Authority, within four months after the end of each financial year, its audit's report together with:

a) its annual financial statements; and
b) a written confirmation that it has complied with this Law, by-laws approved under this Law and any other additional requirements of the Authority.

2. Where an auditor 's report on a market institution is qualified on grounds of the auditor 's uncertainty on the completeness or accuracy of the accounting records, the report must, when it is being submitted by the market institution to the Authority be accompanied by a written statement signed by two members of the management board/supervisory board of the market institution stating whether:

a) all the accounting records of the market institution were made available to the auditor for the purposes of its audit;
b) all transactions undertaken by the market institution were properly reflected and recorded in its accounting records; and
c) all the other records of the market institution and related information were made available to the auditor.

Article 131
Appointment of the Auditors

A market institution person must appoint an auditor approved by the Authority.

Article 132
Power to require a Second Audit

1. If the Authority does not agree with the audit report, it may require the auditor to:

a) request additional information;
b) to explain the audit report;
c) to expand the scope of the audit or carry out other procedures that do not conflict with the applicable legislation.

2. If the Authority still does not agree with, it may require audit quality control in accordance with the applicable statutory audit legislation, the organization of the statutory auditor’s profession and the certified public accountant.
3. Where the Authority rejects an audit report, it may request and appoint another auditor on behalf of the market institution. The Authority will fix the remuneration to be paid to the second audit by the market institution.

Article 133
Obligation of the external auditor to provide information to the Authority

1. The Authority may, by notice in writing, require a person who is, or who has been an external auditor of:
a) a market institution; or
b) a controlled company or affiliate of a market institution to provide such information about the market institution, its controlled company or affiliate if the Authority considers that the information will assist it in performing its functions.
2. Notwithstanding any of the provisions in any other Law no duty to which an auditor of a market institution may be subject to, must be regarded as contravened by reason of his communicating in good faith to the Authority, whether or not in response to a request from it, any information or opinion on a matter of which the auditor has become aware in his capacity as auditor of that person and which is relevant to any functions of the Authority under this Law.
3. Where an auditor to whom a request to provide information has been made under paragraph 1 of this Article, fails, refuses or neglects to provide the information, or provides information which is false or misleading, the Authority may disqualify him from being the auditor of a licenced or registered person.
4. A market institution must not appoint as auditor a person disqualified under this Law.

Article 134
Duties of the Auditor

1. If an auditor of a market institution, in the ordinary course of performing his duties, becomes aware of:
a) any matter which, in his opinion, adversely affects or may adversely affect the financial position of the market institution to a material extent;
b) any matter which, in his opinion, constitutes or may constitute a breach of any provision of this Law or an offence involving fraud or dishonesty affecting the financial stability of the market institution to a material extent; or
c) any irregularity that has or may have a material effect on the accounts of the market institution, including any irregularity that adversely affects or may adversely affect the funds or property of investors in financial instruments, the auditor must immediately send to the management board a written report of the matter or the irregularity with a copy to the Authority.
2. An auditor of a market institution must not be liable to any suit in respect of any statement made in his report under paragraph 1, provided the auditor has acted in good faith.
3. The Authority may impose all or any of the following duties on an auditor of a market institution:

a) a duty to submit such additional information and reports in relation to the audit as the Authority considers necessary;
b) a duty to enlarge, extend or alter the scope of the audit of the business activity of the market institution;
c) a duty to carry out any other examination or establish any procedure in any particular case which do not conflict with the applicable legislation;
ç) a duty to submit a report on any matter arising out of the audit, examination or establishment of procedure referred to in point "b" or "c" of this paragraph.

The auditor must carry out such duties, as an extension to his ordinary audit scope for issuing an independent opinion on the financial statements.

4. The market institution must remunerate the statutory auditor in terms of the fees schedule published by the Authority in respect of the discharge by him of all or any of the duties referred to in paragraph 3 of this Article and in certain circumstances where further investigation is necessary remuneration must be paid by the fund of the Authority.

Article 135
Annual Fee

A market institution must pay to the Authority an annual fee specified in the regulation.

PART II
PROCEDURE FOR GIVING GENERAL DIRECTIONS AND REVOCATION MEASURES

Article 136
Giving Directions and Making Revocations

1. Before giving a Direction or making a Revocation, the Authority must:
a) give a notice to the person concerned, setting out the reasons for the proposed action and giving the person concerned the opportunity to express himself in writing; and
b) take such steps as it considers reasonably practicable to bring the notice to the attention of any other persons who are, in the opinion of the Authority likely to be affected by any such notice.
2. If the Authority considers it essential to do so, it may give a Direction:
a) without following this procedure if the Authority provides a written justification based upon a need for immediate action to protect investors assets or to protect the fair and

orderly operations of markets or prevent significant market disruptions, or when needed to insure the stability of financial markets; or

b) if the Authority has begun to follow this procedure, regardless of whether the period for making representations has expired.

3. If the Authority has, in relation to a particular matter, followed the procedure set out in paragraph 1 of this Article, it need not follow it again if, in relation to that matter, it decides to take action other than that specified in its notice.

Article 137
Effect of Revocation of Licence or Recognition

1. A revocation or suspension of a licence or recognition must not:

a) render void or affect a contract, an agreement, transaction or arrangement entered into or approved by the person concerned before the revocation or suspension; or

b) affect the right or obligation of any person arising under the contract, transaction or arrangement.

2. The Authority may, where there is a revocation or suspension, by notice in writing:

a) require the person concerned to transfer to its client property and records to another person as the Authority may specify in the notice; or

b) permit the person concerned, subject to such conditions as the Authority may specify in the notice, to

i. carry out the essential business activities for the protection of the interests of clients during the period of suspension; or

ii. in case of a revocation, carry out business operations for the purpose of closing down the business.

Article 138
Withdrawal of Applications for License or Recognition

1. An application for the grant of a licence or recognition may be withdrawn before it is considered by the Authority.
2. Subject to paragraphs 3 and 4 of this Article, a licence or recognition granted may be withdrawn by the Authority at the request or with the consent of the licensed or recognised person.
3. The Authority may refuse to withdraw any such licence or recognition if it considers that the public interest requires any matter affecting the person concerned to be investigated by the Authority using its own powers before any decision is made on the request.
4. The Authority may also refuse to withdraw a licence or recognition where in its opinion it is desirable that a prohibition or restriction should be imposed on the person concerned

under this Law or that a prohibition or restriction imposed on that person should continue in force.

5. The Authority may give public notice in the official website of any withdrawal of the licence or recognition under paragraph 2 of this Article.

Article 139
Power of the Authority to require information from market institutions

The Authority may require a licensed or recognised market institution to give to the Authority notice of such events relating to its activity as may be specified by the Authority including but not limited to any changes to the regulations or systems of the market institutions.

Article 140
Recognition of Foreign Market Institutions

1. Any legal person which is licensed as a market institution in a foreign country may apply to the Authority for recognition.
2. The Authority may make regulations as to the manner and form of the application for recognition.
3. The Authority may recognize an operator of foreign market institution where it is established that the market institution complies with the requirements that are equivalent to those provided for in this Law and by-laws made under it

PART III
STOCK EXCHANGES

Article 141
Prohibition against establishing an unlicensed Exchange

1. No person must establish or operate an exchange or maintain or assist in establishing operating or maintaining, or hold himself out as providing, operating or maintaining an exchange, unless the person is licensed or recognised by the Authority.
2. Except with the written approval of the Authority, no person other than a licensed or recognised exchange must take or use, or have attached to or exhibited at any place:

a) security or description indicating that a person is an “exchange”, “stock exchange”, “securities exchange” in any language; or

b) any title or description which resembles a security or description referred to in point "a" of this Article or implies that it is a licensee exchange.

Article 142
The Stock Exchange

1. The stock exchange is set up as a joint stock company, in accordance with the provisions of this Law and the applicable Law "On Entrepreneurs and Companies".
2. The management bodies of the stock exchange are the general assembly the supervisory board/management board and the administrators.
3. The initial capital of the stock exchange shall be determined by regulation.
4. All the shares of the stock exchange must be registered shares.
5. The initial capital of the stock exchange shall be fully paid up in cash. The shares making up the initial capital cannot be issued before the full amount to which the shares are issued has been paid up.
6. The shares of the stock exchange may be admitted to trading on a regulated market only subject to a special approval from the Authority, provided that the relevant listing requirements in Chapter VI of this Law are met.

Article 143
Administrators, Management Board/Supervisory Board Members of the Stock Exchange

1. The stock exchange shall be managed by at least one administrator, who is appointed General Director. Depending on the nature, size and activity of the stock exchange, the Authority may request the appointment of one or more than one administrator.
2. The management board/supervisory board of the stock exchange must have good reputation, suitable professional qualifications and experience necessary to steer and manage a regulated market exercising due professional care.
3. The management board members of the stock exchange must be full time employees.
4. The management board members are obliged to manage the operations of the stock exchange from the territory of the Republic of Albania.
5. The administrators, management board members must be subject to the fit and proper requirements in Article 13 of this Law.
6. The independent members of the management board and the members of the supervisory board of the stock exchange must not have business or family relations or other relations with the stock exchange, majority stock exchange shareholder/s, or a group of majority stock exchange shareholders or with other members of the management board/supervisory board of the stock exchange.

7. The Authority will give its prior approval to the administrators and management/supervisory board members.

Article 144
Independent management board member and supervisory board member

1. An independent member of the management board/supervisory board member of the stock exchange shall be deemed the person who:

a) is not connected with the stock exchange, is not a majority shareholder, and does not represent a majority shareholder or the group of majority shareholders, a spouse, or a relative by blood, or an in-act to the second degree of any person of the previously mentioned groups, and is not in any connection with the companies connected with the majority shareholder;

b) has not been administrator of the stock exchange or any of its subsidiary or a company connected with it for at least the last five years;

c) is not a person who receives or has received a significant payment from the stock exchange except for the honorarium as an independent member of the management board or member in the supervisory board, excluding any dividends. This in particular relates to participation in bonuses and other forms of rewarding depending on the performance, such as share options, but it does not relate to incomes arising from the pension scheme in respect of earlier service for the company;

ç) has not been for the last three years, a partner or an employee of an audit company that offers or has offered audit services to the stock exchange or a company connected with it;

d) has not been a member of the management board/supervisory board of another company where some of the management/supervisory board members of the stock exchange is a supervisory board member, neither has he any significant connections with the management board members of the stock exchange administrators through participation in other organizations, bodies or companies;

dh) is not a spouse, or an immediate relative by blood, or an in-act with any of the administrators or with the persons in the functions mentioned in the previous paragraphs.

2. If an independent member of the management board or the supervisory board member is subjected to undue influence or limitations exerted by the majority shareholder, thus affecting the performance of his duties, the management board independent member or supervisory board member is obliged to inform the management board or supervisory board. Notwithstanding this the independent member of the management board or the supervisory board member takes an independent stance when exercising his voting rights or offer his resignation, as appropriate, under the circumstances.

3. An independent member of the management board or supervisory board, who carries out this function for more than two terms of office, should give a statement in writing confirming his independent status.

Article 145
Withdrawal of approval of the Administrators, Management board members and Supervisory board members

1. The Authority will withdraw its approval to the appointment of management board and supervisory board members of the stock exchange in the following cases:
a) if the administrator, the management board member and supervisory board member no longer meets the conditions under which the approval was granted,
b) if the approval was granted pursuant to incorrect or false data.
2. If the Authority withdraws its consent to the appointment of the administrator management board member/supervisory board member, the stock exchange management body shall pass a decision without delay whereby withdrawing the appointment of the latter.
3. In the case referred to in paragraph 2 of this Article, the management body shall appoint the administrator, management board or supervisory board member without the Authority's consent, for a term up to three months.
4. The approval to the appointment of the member of the management board or the supervisory board of the stock exchange shall cease to be valid if:
a) the person within 1 year after granting the approval has not been appointed or has not taken up his duty to which the approval relates;
b) if this person's duty to which the approval relates terminates, from the date of the termination of the duty;
c) if the employment contract of this person for work on the stock exchange expires, from the expiry date of the contract.

Article 146
Owners of a qualifying holding in the stock exchange capital

1. The provisions of Articles 45 and 46 under this Article, that apply to investment firms shall appropriately apply to the holders and any change in the ownership of a qualifying holding in the stock exchange, close links, legal consequences of acquiring a qualifying holding without the Authority's approval, and the measures taken by the Authority in cases where the management of the regulated market with due professional care is questionable, on which occasion the term 'investment firm" shall be deemed to apply to the stock exchange .
2. The stock exchange shall submit data to the Authority on the ownership structure, and in particular on the owners of qualifying holdings, as well as on the identity of all the persons who could exercise significant influence over the management of the regulated market.
3. The stock exchange shall submit to the Authority data on any changes in the ownership structure that give rise to a change in the identity of the persons exercising significant influence over the management of the regulated market.
4. The stock exchange shall publish the data provided for in paragraphs 2 and 3 under this Article.

5. The data provided for in paragraph 4 under this Article shall be deemed to be published if disclosed by the stock exchange at least on its website.

Article 147
Application for a licence to operate an Exchange

1. An application for a licence to establish and or operate an exchange must be made to the Authority in such manner and form as may be specified by the Authority. The applicant for the licence must pay a fee at the time of submission of the application, which must be determined by the Authority. This fee is non-refundable even if the request is rejected by the Authority.
2. An application for a licence to establish and or operate an exchange must provide all information necessary to satisfy the Authority that the applicant has established, at the time of licencing all the necessary arrangements to meet the requirements laid down in this Law.
3. The Authority may grant a licence to operate an exchange subject to any terms and conditions as it sees fit provided that all relevant information has been submitted.
4. The regulation of the applicant must have adequate provisions with respect to:

a) ensuring that the applicant will so far as is reasonably practicable operate an orderly and fair market in relation to the instruments that are traded through its facilities;
b) ensuring that the applicant will manage any risk associated with its business and operations prudently;
c) ensuring that the applicant in discharging it obligations under point “a” of this paragraph will not act contrary to the public interest and in particular the interests of investors;
ç) ensuring that the applicant is able to take appropriate action against its members participants to whom its regulations apply;
d) ensuring that the regulations made by the applicant are transparent and non-discretionary and have satisfactory provision:

i. for the admission of trading participants;
ii. for the proper regulation and supervision of its members;
iii. for the exclusion of members who are not fit and proper;
iv. for the expulsion, suspension or discipline including fines for members;
v. for listing regulations with respect to the conditions under which the classes of securities may be listed or quoted for trading in the market proposed to be conducted by the applicant;
vi. for the conditions governing trading in securities by its members;
vii. for the prohibition of market abuse, misconduct or insider trading;
viii. for the suspension of trading of any given security for the protection of investors, for the maintenance of an orderly and fair market or in the event of other extraordinary circumstances; and
ix. for the appointment of a disciplinary committee
x. for the applicant to enter into contracts with members under which they agree to be bound by the regulations of the applicant; and

xi. generally, for the carrying on of the business of the exchange with due regard to the need for the protection of investors and the public interest;

e) ensuring a quick and fair method for the settlement of disputes:

i) between the exchange and its members; and

ii) between members;

ë) the applicant must have sufficient financial, human and other resources to ensure the provision:

i) an orderly and fair market in relation to the securities that are traded through its facilities;

ii) adequate and properly equipped premises for the conduct of its business;

iii) competent personnel for the conduct of its business; and

iv) automated systems with adequate capacity, security arrangements and facilities to meet emergencies; and

v) appropriate disaster recovery plans and facilities;

f) the interests of the public or the market will be served by granting the licence.

5. An applicant under paragraph 1 of this Article, must provide such information as the Authority considers necessary in order to determine the application.

6. Without limiting the generality of the conditions set out in paragraph 3 under this Article, the Authority may amend, revoke or impose new terms and conditions if the Authority considers that it is appropriate to do so for the protection of investors or for the proper regulation of the market.

7. The Authority must have the power to approve in advance all regulations and alterations to be made thereto made by an exchange.

8. An exchange which is granted a licence under this Law is subject to the continuous supervision of the Authority and must ensure it complies at all times with the conditions for initial licensing and any other continuing obligations under this Law.

Article 148
Licence refusal

1. The Authority refuses to grant the licence:

a) if the applicant does not meet the relevant requirements of Articles 143 -147 under this Law in any respect and specifically if, taking into account the need to ensure the sound and prudent management of a stock exchange, the Authority is not satisfied as to the suitability of its qualifying holders, the management body and senior managers;

b) unless it is satisfied that the company will be able to meet the conditions of this Law; and

c) where the effective exercise of its supervisory functions is prevented by:

i) close links between the stock exchange and other legal or natural persons;

ii) the laws, regulations or administrative provisions of another country or territory governing natural or legal persons with whom the stock exchange has close links;

iii) difficulties involved in the enforcement of those laws, regulations and administrative provisions.

Article 149
Extension of license application for additional activities

1. If after having obtained the license the stock exchange intends to perform an additional activity, it must be previously granted permission by the Authority.
2. The application for carrying out additional activities is made by the management/supervisory board of the stock exchange.

Article 150
Members of the exchange

1. The following entities may become members of the stock exchange:

a) an investment firm or a bank with its registered office in the Republic of Albania licensed to provide investment services and perform regulated investment activities;
b) an investment firm and a bank from another country that holds a suitable license issued by the competent authority in accordance with article 27 of this law after the approval of the competent authority home Member State.

2. In its regulation the stock exchange may define that the person that meets the following criteria may also become a member of the stock exchange:

a) it has a good reputation, possesses suitable professional knowledge, if it is professionally qualified for trading in a regulated market, and its organization is appropriately established, where appropriate;
b) it has enough resources for the activity to be performed, taking into account possible financial arrangements that the stock exchange has signed with the aim of settling transactions.

3. The stock exchange shall submit to the Authority a list of the members, regularly updated.

Article 151
Supervision of members of the exchange

The stock exchange shall establish, implement and maintain efficient procedures for regular monitoring of compliance by the members, and members' employees, with the regulation of the regulated market managed by it.

Article 152
Duties of the Exchange

1. It is the duty of an exchange to ensure a regulated and fair market and take effective arrangements to facilitate the efficient and timely finalisation of the transactions cleared and settled under its systems.
2. In performing this duty, the exchange must:

a) act in the public interest having regard to the protection of investors; and

b) have sufficient operational, technical, HR and financial resources to facilitate its orderly functioning, having regard to the nature and extent of the services provided and the range and degree of the risks to which it is exposed.

3. Notwithstanding any other Law a director of an exchange the member of the management board/supervisory board has a duty to act at all times in the public interest having particular regard to the need to protect investors. Where there is a conflict between this duty and the management/supervisory board's duty under any other Law the duty under this Law must prevail.
4. It is the duty of the exchange to take appropriate action as may be provided for under its regulations for the purpose of supervising the members and enforcement of the regulations.
5. An exchange must immediately notify the Authority if it becomes aware of:

a) any matters which adversely affects, or are likely to affect, the ability of any trading participant to meet its obligations in respect of its licensed business; or

b) any irregularity or breach of any provision of this Law or any regulations made under it.

6. Without prejudice to paragraph 5 of this Article when an exchange reprimands, fines, expels or otherwise disciplines any of its trading participants it must within three working days provide the Authority with the following information:

a) the name and address of the business of the trading participant;

b) the reason for and the nature of the action taken;

c) the period of suspension and the amount of any fine; and

ç) any other disciplinary action.

Article 153
Supervisory procedures of the Exchange

1. The stock exchange shall supervise transactions performed by its members on the regulated market managed by it in order to identify breaches of those rules, disorderly trading conditions or conducts that involve market abuse. The supervision of trading will be supported by a suitable computer monitoring system that enables a systematic and complete collection and evaluation of trading data and data in connection with trading, facilitating required investigation proceedings.
2. The stock exchange shall inform the Authority without delay on any significant breaches of its rules, disorderly trading conditions or conducts that involve market abuse.

3. In supervision procedures, the stock exchange shall submit to the Authority and the authority competent for prosecution without delay all necessary data and shall co-operate when supervising and investigating cases of market abuse.

Article 154
Exchange reporting to the Authority

1. The stock exchange shall inform the Authority without delay on any changes in the identity of the management or supervisory board members, and of any changes in the data contained in the application for licensing.
2. The stock exchange, as a joint stock company has the obligation to draw up annual financial statements and the annual management report, in accordance with regulations laying down the establishment and operation of companies, and entrepreneurial accounting, and the application of financial reporting standards and submit them to the Authority together with the audit report within 15 days from receipt of the audit report, at the latest however within 4 months after the close day of the business year.
3. The Authority is authorized to lay down by regulation the content and the structure of the annual financial statements of the stock exchange and the form and manner in which they are to be submitted to the Authority, including any information additional to that normally required for the annual financial reports of joint stock companies.
4. The stock exchange has the obligation to submit to the Authority a daily report which contains data on transactions in securities executed on the regulated market managed by the stock exchange, and/or provides access to the trading system in real time, at the discretion of the Authority.
5. The stock exchange must report immediately any cases of insider trading, market manipulation or money laundering that is discovers in the course of its supervisory duties.
6. The management board/supervisory board of the stock exchange shall report to the Authority on a monthly basis the acquisition or disposal of securities held by the management board and supervisory board members and senior managers of the stock exchange.
7. The obligation referred to in paragraph 6 of this Article also relates to the acquisition and disposal of securities by a spouse, a child, an adopted child, a parent, or an adoptive parent and other persons who live with a management board/supervisory board member, or employee of the stock exchange in the common household, to the acquisition and disposal by legal persons where these persons hold a majority interest, and to the acquisition and disposal of persons which the stock exchange has outsourced as service providers.
8. The Authority shall provide further by regulation for requirements for the form, content, deadlines and the manner in which the reports referred to in paragraphs 4, 5 and 6 of this Article.

9. The stock exchange that manages an MTF shall inform the Authority of the foreign country where it intends to make the MTF available.
10. The Authority shall forward the information referred to in paragraph 9 of this Article, within 30 days of its receipt.

Article 155
Cancellation of licence held by the exchange

1. The Authority, may by notice in writing:
a) cancel the licence granted to the exchange under this Law; or
b) direct the exchange to cease to provide or operate such facilities or services as are specified in the notice from a particular date.
2. The Authority may not cancel a licence or issue a direction unless the Authority considers that it is appropriate to do so for the protection of investors or in the public interest for the proper regulation of the market in the following cases:
a) the exchange ceases to operate;
b) the exchange is being liquidated, whether in the Republic of Albania or elsewhere;
c) the exchange has contravened any term or condition of its licence or otherwise contravened this Law;
ç) the exchange has failed to comply with any Direction issued under this Law;
d) the exchange has supplied the Authority with information which was false or misleading;
dh) judgement debt against the exchange is not paid in whole or part;
e) an insolvency administrator or liquidator has been appointed whether in the Republic of Albania or elsewhere in relation to any property of the exchange;
ë) the exchange has entered into a compromise with its creditors in the Republic of Albania or elsewhere; or
f) the exchange of its own accord has applied to the Authority to cancel its licence and the Authority agrees with this application
3. For the purposes of point "a", paragraph 2 of this Article where an exchange has ceased to operate in the market for a period of 28 working days it must be deemed to have ceased to operate its market unless it has obtained the prior approval of the Authority.
4. Notwithstanding the cancellation of a licence or a Direction being issued the Authority may permit the exchange to continue on or after the date on which the cancellation of its licence or Direction is to take effect to carry out such activities as the Authority may specify for the purpose of:
a) closing down the exchange; or
b) protecting the interest of investors or the public interest;
5. Where the Authority acts under paragraph 1 of this Article it may where it deems necessary appoint an interim management board for a period of up six months to manage the affairs of the exchange until a new board is appointed.
6. Where the Authority has granted the exchange permission under paragraph 4 the exchange must not by reason of carrying out such activities be regarded as having contravened paragraph 1 of this Article.

7. The Authority may not take any action under paragraph 1 of this Article without giving the exchange the opportunity to make representations in writing.
8. An exchange which is aggrieved by a decision of the Authority may appeal to the court.
9. The Authority must give public notice of any cancellation of license or Direction issued under this Article.

Article 156
Effect of cancellation of a licence

Any cancellation of a licence or Directions issued by the Authority must not operate so as to:

a) avoid or affect any contract, transaction or agreement entered into on the market operated by the exchange;
b) affect any right, obligation or liability arising under such contract or transaction.

Article 157
Closure of the exchange in an emergency

1. The Authority may after consultation with an exchange direct by notice in writing the exchange to close its market for a period not exceeding 5 working days if the Authority is of the opinion that an orderly and fair market for trading is being or is likely to be prevented because:

a) an emergency or natural disaster has occurred within the Republic of Albania; or
b) there exists an economic or financial crisis or any other circumstances within or outside the Republic of Albania.

2. The Authority may extend the closure of the market under paragraph 1 of this Article for any further periods each not exceeding 5 working days.
3. The Authority must specify the reasons for the closure of the exchange and any further extension of such closure.
4. Where the Authority exercises its powers under this article, it must forthwith give notice to the Financial Stability Advisory Group (FSAG) setting out the reasons for the exercise of these powers.

PART IV

MULTILATERAL TRADING FACILITY – MTF

Article 158
Authorisation and operation of multilateral trading facilities

1. Multilateral trading facilities may be operated by an investment firm or stock exchange (hereinafter: MTF operator) authorised by the Authority.
2. A stock exchange licenced by the Authority to manage and operate the business of the regulated market may operate an MTF if it complies with the requirements.

Article 159
Granting license to operate an MTF

1. An investment firm or stock exchange intending to operate an MTF shall submit a request for license to operate an MTF to the Authority with information concerning:

a) the trading system;
b) the accessibility of data concerning offers and demands and of trading data intended for users and the public;
c) the prospective system users;
ç) the financial instruments to be traded within the system;
d) the mechanisms and methods of transaction settlement;
dh) the arrangements which would ensure compliance with the provisions of this Law and with the by-laws adopted on the basis of this Law;

2. Investment firm or stock exchange intending to operate an MTF shall accompany the request referred to in paragraph 1 of this Article with the MTF regulation.
3. The investment firm or stock exchange intending to operate an MTF it must prove to the Authority:

a) to be adequately equipped to manage the risks to which it is exposed, to implement appropriate arrangements and systems to identify all significant risks to its operation, and to put in place effective measures to mitigate those risks;
b) to have effective arrangements to facilitate the efficient and timely finalization of the transactions executed under its systems; and
c) to have available, at the time of licensing and on an ongoing basis, sufficient financial resources to facilitate its orderly functioning, having regard to the nature and extent of the transactions concluded on the market and the range and degree of the risks to which it is exposed.

4. The MTF operator shall notify the Authority without delay of any changes to the data communicated in accordance with paragraph 1 of this Article.

5. The Authority may further provide by regulation for the requirements and procedures for granting licenses to operate an MTF, the contents of requests for such licenses, the required accompanying documents and the contents of such documents.

Article 160
License refusal

1. The Authority must not grant a licence to an MTF if the applicant does not meet the requirements of Article 159 under this Law.

Article 161
MTF Regulation

1. An MTF operator shall establish, implement and maintain transparent rules and procedures regarding:
a) access to the system operated;
b) criteria for determining the financial instruments that can be traded under its systems;
c) trading;
ç) settlement of transactions.
2. The rules and procedures referred to in paragraph 1 of this Article shall enable users to use the system efficiently and to understand the risks associated with the use of the facility.
3. The Authority may further provide by regulation for the requirements for the contents of the MTF rules referred to in paragraph 1 of this Article.

Article 162
Right of Access to the MTF

1. An MTF operator shall establish and maintain transparent rules for the right of access to their facilities.
2. An MTF operator shall ensure right of access to their facilities is based on objective criteria.
3. An MTF operator may allow as users of their facilities the persons who are already members of the exchange. The provisions of this Law concerning market members shall apply to MTF users.

Article 163
Financial instruments traded on an MTF

1. An MTF operator shall provide sufficient publicly available information regarding the financial instruments traded under its system to enable its users to form investment judgements.
2. An MTF operator shall provide the information on financial instruments referred to in paragraph 1 of this Article when the financial instruments are admitted to trading and during trading with the financial instruments concerned.
3. In complying with the requirements set out in paragraph 1 of this Article an MTF operator shall take into account both the nature and the types of instruments traded under its system.
4. An MTF operator is required to comply immediately with any decision of the Authority to suspend or remove a financial instrument from trading,

Article 164
Disclosure by issuers to MTF

Where a transferrable security, which has been admitted to trading on a regulated market, is also traded on an MTF without the consent of the issuer, the issuer shall not be subject to any obligation relating to disclosure with regard to that MTF.

Article 165
Trading process and finalization of transactions in an MTF

An MTF operator shall ensure fair and orderly trading and setting of prices, including reference prices, as well as efficient execution of orders, whereby the rules of trading and price setting must not allow MTF operator to make discretionary estimates.

Article 166
Settlement of transactions

1. An MTF operator shall put in place the necessary arrangements to facilitate the efficient settlement of the transactions concluded under the systems of the MTF.
2. An MTF operator shall clearly inform its users of their responsibilities for the settlement of the transactions executed in that facility.

Article 167
Monitoring compliance with the rules of an MTF

1. MTF users shall comply with the provisions of this Law, with by-laws adopted on the basis of this Law and with the rules of an MTF.
2. An MTF operator shall approve and maintain effective arrangements and procedures for the regular monitoring of transactions undertaken by its users in order to identify possible breaches of the rules, disorderly trading conditions or conduct that may involve market abuse.
3. An MTF operator shall have effective arrangements and procedures for the regular monitoring of the compliance of its users with the provisions of this Law, with the by-laws adopted on the basis of this Law and the rules of an MTF.
4. Where an MTF operator establishes that any of the situations referred to in paragraph 2 of this Article obtain, it shall notify the Authority thereof without delay.
5. Where an MTF operator establishes that any of the situations referred to in paragraph 2 of this Article obtain, the MTF operator may temporarily or permanently exclude from the system the user concerned.
6. An MTF operator shall, at the request of the Authority and without delay, supply any information which is relevant for the supervision of the cases referred to in paragraph 2 of this Article.
7. An MTF operator shall provide full assistance to the Authority in the supervision of the market abuse cases occurring within its system.

Article 168
Pre-trade transparency requirements

An MTF operator shall make public current bid and offer prices and the depth of trading interests in respect of shares admitted to trading on a regulated market that is traded within a system operated by them in accordance, on reasonable commercial terms and on a continuous basis during normal trading hours.

Article 169
Waiver of obligations to disclose

1. The Authority may waive the obligation for MTF or other regulated market operator to make public the information referred to in Article 168 of this Law if it takes place at or within the current volume-weighted spread reflected on the order book or the quotes of market makers in that share or, where the share is not traded continuously, within a percentage of a suitable reference price set in advance by the operator of the RM or MTF

or is subject to conditions other than the current market price of the share (e.g. a volume weighted average price transaction).

2. An order shall be considered to be large in scale compared with normal market size if it is equal to or larger than the minimum specified in the regulation of the Authority.

Article 170

Post-trade transparency requirements

1. An MTF operator or operator of other regulated markets shall make public the price, volume and time of the transactions executed under its system in respect of securities which are admitted to trading on a regulated market as close to real time as possible.
2. An MTF operator shall make public the details referred to in paragraph 1 of this Article on a reasonable commercial basis.

Article 171

Permission to defer reporting of certain transactions

1. The Authority may permit an MTF operator or operator of other regulated markets, upon its request, to provide for deferred publication of the details of post trade prices based on the type or size of transactions.
2. The deferred publication may be permitted in respect of transactions that are large in scale compared with the normal market size for individual classes of shares.
3. An MTF operator shall clearly disclose the arrangements for deferred trade-publication to market participants and the public.

Article 172

Regulations on disclosure by MTFs or operators of other regulated markets

1. The Authority may provide further by regulation for requirements on:

a) the range of bid and offers or designated market-maker quotes, and the depth of trading interest at those prices, to be made public;
b) the size and type of orders for which pre-trade disclosure referred to in Article 169 of this Law hereof may be waived;
c) the market model for which pre-trade disclosure may be waived, and in particular the applicability of the obligation to the trading methods;
ç) trading data which MTF operators or operator of other regulated markets are required to make public;
d) the contents of the data referred in paragraph ç);

dh) the conditions under which MTF operators or operator of other regulated markets may provide for deferred publication of data,
e) the criteria which MTF operators or operator of other regulated markets must observe in deciding which transactions are eligible for deferred publication given the size of transactions or the types of shares traded.

PART V

SYSTEMATIC INTERNALISERS

Article 173

Criteria for determining whether an investment firm is a systematic internaliser

Where an investment firm deals on own account by executing client orders in financial instruments outside a regulated market or an MTF, it shall be treated as a systematic internaliser within the meaning of this Law.

Article 174

Duty to inform the Authority to become a systematic internaliser

1. An investment firm must notify the Authority in advance of its intention to acquire the status of a systematic internaliser.
2. The notification referred to in paragraph 1 of this Article shall include:
   a) A description of the organization of the firm's organizational unit which will be responsible for systematic internalization;
   b) a description of the rules and procedures to be followed in carrying out this activity;
   c) a list of the personnel and/or features of the technical system assigned to that purpose;
   ç) a description of the system to be used for the publication of binding commitments to buy and sell;
   d) a list of financial instruments for which the firm intends to act as the systematic internaliser.

Article 175

Obligations of the systematic internaliser

1. Systematic internalisers in financial instruments shall make available firm quotes in those financial instruments admitted to trading on a regulated market for which they are systematic internalisers and for which there is a liquid market.

2. Systematic internalisers in financial instruments shall make public the quotes referred to in paragraph 1 of this Article.
3. In the case of financial instruments for which there is not a liquid market, systematic internalisers shall disclose quotes to their clients on request.
4. The provisions of this Law shall be applicable to systematic internalisers when dealing for sizes up to standard market size. Systematic internalisers that only deal in sizes above standard market size shall not be subject to the provisions of this Law.
5. The operation of an OTF and a systematic internaliser are not permitted to take place within the same legal person. An OTF shall not connect with a systematic internaliser in a way which enables orders in an OTF and orders in a systematic internaliser to interact.

Article 176

Sizes of quotes

1. Systematic internalisers may decide the size or sizes at which they will quote. For a particular financial instrument each quote shall include a firm bid and/or offer price or prices for a size or sizes which could be up to standard market size for the class of shares to which the financial instrument belongs. The price or prices shall also reflect the prevailing market conditions for that financial instrument.

2. Financial instruments shall be grouped in classes on the basis of the arithmetic average value of the orders executed in the market for that financial instrument. The standard market size for each financial instrument shall be a size representative of the arithmetic average value of the orders executed in the market for the financial instruments included in each class of financial instrument.

3. The size should be set at an appropriate level to ensure that trading of such a size that it had a material effect on price formation is within scope while at the same time excluding trading of such a small size that it would be disproportionate to require the obligation to comply with the requirements applicable to systematic internalisers.
4. When it comes to concrete criteria, the frequent and systematic basis is measured by the number of trades in the financial instrument carried out by the investment firm on own account by executing client orders.
5. The Authority shall have the power to:

a) determine for each financial instrument, at least annually, on the basis of the arithmetic average value of the orders executed in the market in respect of that financial instrument, the class of financial instruments to which it belongs,
b) establish and publish a list of all liquid financial instruments for which it is the relevant competent authority.

Article 177
Disclosure of quotes

1. Systematic internalisers shall make public their quotes on a regular and continuous basis during normal trading hours.
2. Systematic internalisers shall be entitled to update their quotes referred to in paragraph 1 of this Article at any time.
3. Systematic internalisers shall also be allowed, under exceptional market conditions, to withdraw their quotes.
4. Systematic internalisers shall make their quotes public in a manner which is easily accessible to other market participants on a reasonable commercial basis.

Article 178
Execution of orders by systematic internalisers for retail and professional clients and eligible counterparties

1. In relation to execution of orders from retail clients systematic internalisers shall, while complying with the provisions of this Law concerning the execution of orders on terms most favourable to clients, execute the orders they receive from their retail clients in relation to the financial instruments for which they are systematic internalisers at the quoted prices, at the time of reception of the order.
2. In relation to execution of orders from professional clients:

a) Systematic internalisers shall execute the orders they receive from their professional clients in relation to the financial instruments for which they are systematic internalisers at the quoted price at the time of reception of the order.

b) By way of derogation from paragraph 1 of this Article, systematic internalisers may not be required to execute the orders referred to in paragraph 1 or this Article at a better price in justified cases.

c) Systematic internalisers may execute the orders referred to in paragraph 1 of this Article at prices different than their quoted ones without having to comply with the provisions of paragraph 2 of this Article, in respect of transactions where execution of several different securities is part of one transaction or in respect of orders that are subject to conditions other than the current market price.

Article 179
Partial fulfilment of orders

1. Where a systematic internaliser who quotes only one quote or whose highest quote is lower than the standard market size receives an order from a client of a size bigger than its quotation size, but lower than the standard market size, it may decide to execute that part of the order which exceeds its quotation size, provided that it is executed at the quoted size.
2. Where the systematic internaliser is quoting in different sizes and receives an order between those sizes, which it chooses to execute, it shall execute the order at one of the quoted sizes.

Article 180
Access by investors to systematic internaliser quotes

1. Systematic internalisers shall be allowed to decide, on the basis of their commercial policy and in an objective non-discriminatory way, the investors to whom they give access to their quotes. To that end there shall be clear standards for governing access to their quotes.
2. Systematic internalisers may refuse to enter into or discontinue business relationships with investors on the basis of commercial considerations such as the investor credit status, the counterparty risk and the final settlement of the transaction.
3. In order to limit the risk of being exposed to multiple transactions from the same client systematic internalisers shall be allowed to limit in a non-discriminatory way the number of transactions from the same client which they undertake to enter at the published conditions.
4. Systematic internalisers shall also be allowed, in a non-discriminatory way to limit the total number of transactions from different clients at the same time, provided that this is allowable only where the number and/or volume of orders sought by clients considerably exceeds the norm.

Article 181
Ceasing to act as a systematic internaliser

1. An investment firm shall cease to be a systematic internaliser in one or more financial instruments in the manner provided for by the Authority by regulation.
2. When and investment firms ceases to be a systematic internaliser in one or more financial instruments it will notify its users and the Authority.
3. The Authority may provide further by regulation for requirements for an investment firm ceasing to act as a systematic internaliser.

Article 182
List of systematic internalisers

1. The Authority shall publish a list of systematic internalisers in respect of financial instruments admitted to trading on a regulated market in the Republic of Albania.
2. The Authority shall publish the list referred to in paragraph 1 of this Article and update it continuously on its website.

Article 183
Supervision of systematic internalisers

1. The Authority shall check on a regular basis:
a) that systematic internalisers regularly update bid and/or offer prices, in the manner provided for;
b) that systematic internalisers maintain prices which reflect the prevailing market conditions,
c) that systematic internalisers comply with the remaining provisions of this Law concerning the manner of operation of systematic internalisers.

PART VI
TRADING OF UNLISTED SECURITIES NOT ADMITTED TO TRADING

Article 184
Object and purpose

1. The object and purpose of this Part is:
a) to provide a platform through a recognised market operator for sale and purchase of securities not admitted to trading on a regulated market in the Republic of Albania to domestic and foreign investors in a transparent manner; and
b) to determine information related to securities not admitted to trading on a regulated market provided to domestic and foreign investors in a transparent manner. Such a market may or may not form a part of function of an MTF or other regulated market.

Article 185
Establishment of a recognized market operator

1. No person may act as a recognised market operator under this Part unless such person is registered with the Authority and is able to create an interest in trades that takes place outside an exchange in a transparent manner.
2. The conditions of trading and the type of investors permitted to trade on such a recognised market operator platform and the level of disclosures required to be made by parties to a transaction in unlisted securities shall be specified by the Authority by way of regulation.

Article 186
Recognized market operator

For the purposes of the Articles 185 of this Law, the Authority may upon application made by a legal person, register such legal person as a recognised market operator subject to any terms and conditions approved by the Authority.

Article 187
Application for registration

1. An application to be registered as a recognised market operator must be accompanied by such documents and information and in such manner as the Authority may specify by regulations.
2. An application by any person for registration under this part must show that the applicant:

a) is fit and proper in accordance with Article 13 under this Law and with the rules prescribed by the Authority;
b) has adequate financial, operating, technical and HR resources
c) has experience in trades executed on a platform;
ç) has adequate resources and systems for trading and market operations surveillance;
d) has undertaken the required arrangements for the clearance and settlement of the trades executed on the platform;
dh) provides public with timely information on quoted prices, volume and executed prices in accordance with the requirements of the Authority.

Article 188
Functions and duties of recognized market operator

1. The functions and duties of a recognised market operator must be:
a) to provide a platform for the sale and purchase of securities not admitted to trading on regulated market in the Republic of Albania;
b) to provide information relating to securities not admitted to trading on regulated market in the Republic of Albania to the domestic and international financial community;
c) to provide criteria for admission and regulatory standards of its trading members;
ç) to comply with any direction issued by the Authority; and
d) provide such assistance to the Authority, or to a person acting on behalf of or with the Authority, as the Authority or such person reasonably requires.

Article 189
Trading on a platform

Any person buying and selling financial instruments on a platform must execute their orders through trading members admitted by the platform.

Article 190
Regulations to be made by the Authority

1. The Authority may make regulations to determine:
a) the type of financial instruments that can be traded on a platform;
b) the type of issuers who can report trades to a platform;
c) the type of investors that may trade on a platform;
ç) the admission of and type of trading members that may trade on a platform;
d) the level of disclosures required to be made on a platform; and
dh) the standard of business conduct that is required in the sale or purchase of unlisted financial instruments registered on a platform.

191
Withdrawal of registration

1. The Authority may, by notice in writing, withdraw the registration with effect from a date that is specified in the notice where the Authority considers that it is appropriate to do so in the interest of the investors, in the public interest or for the maintenance of an orderly and fair market.
2. Such notice referred to in paragraph 1 of this Article must be made in accordance with the procedure under Article 30 of this Law and state the grounds in support of the withdrawal.
3. Notwithstanding the withdrawal under paragraph 1 of this Article, the Authority may permit the person to continue, on or after the date on which the withdrawal is to take effect, to carry out such activities affected by the withdrawal as the Authority may specify in the notice for the purpose of:

a. closing down the operations of the recognised market operator to which the withdrawal relates; or

b. protecting the interest of the investors or the public interest.

4. Where the Authority has authorized an operator under paragraph 3 of this Article, the operator must not, by reason of its carrying on the activities in accordance with the authorization, be regarded as having contravened any provisions of this Law.
5. The Authority must not exercise its power under paragraph 1 of this Article in relation to a recognised market operator unless it has given the recognised market operator an opportunity to be heard.
6. Any withdrawal of registration made under this part must not operate so as to:

a. avoid or affect any contract, agreement, transaction or arrangement entered into/undertaken by the recognised market operator whether the contract, agreement, transaction or arrangement was entered into/undertaken before or after the withdrawal of the registration; or

b. affect any right, obligation or liability arising under such contract agreement, transaction or arrangement.

Article 192
Review of the Performance of a Recognized Market Operator

1. The Authority may from time to time review the performance of a recognised market operator.
2. The Authority may have regard to the following criteria in reviewing the status of the recognised market operator:

a) the element of systemic risk inherent in a platform;

b) the impact on public interest;

c) the size and structure of the platform;

ç) the class of unlisted securities traded on the platform; and

d) the nature of the investors and the participants using the platform.

Article 193
Application of the provisions of this Law to securities not admitted to trading on a regulated market

The provisions of this Law apply to a sale, purchase and transfer of unlisted securities established on a platform by a recognised market operator save for the provisions of this Law which deal with market institutions.

PART VII
Clearing House

Article 194
Clearing and Settlement System

1. The clearing and settlement system shall be the system that:

a. manages or is operated by a legal person licensed by the competent Authority pursuant to the applicable legislation on clearing and settlement system operator;

b. enables clearing and settlement of transactions with financial instruments executed on a regulated market or an MTF, or outside a regulated market and an MTF, in accordance with the rules of that system regulated in advance;

c. has legal relations between its members, and between those members and the operator of that system, which arrange their mutual rights and obligations in relation to clearing and settlement of transactions with financial instruments.

2. Clearing and settlement of transactions executed on a regulated market or a MTF in the Republic of Albania with dematerialized securities which are entered in a licensed depository, shall be performed through the clearing and settlement system operated by the licensed clearing and settlement operator, unless the stock exchange or the operator of a MTF chooses the clearing and settlement system managed by another entity licensed by another Authority and recognized by the Authority.

Article 195
Application for a license

1. An application for a licence to establish and/or operate a clearing house, either acting as a central counter-party to guarantee clearance and settlement or otherwise must be submitted to the Bank of Albania and the Authority in accordance with the applicable legislation on the payment system. The application shall be accompanied by a non-refundable fee specified by the Authority.
2. An application for a licence to establish and/or operate a clearing house can only be made by a legal person.
3. An applicant must provide all information necessary to satisfy the Authority that the applicant has established, at the time of licencing all the necessary arrangements to meet the requirements laid down in this Law.
4. The Authority may grant a licence to operate a clearing house subject to any terms and conditions as it sees fit provided that all required documents have been submitted by the applicant.
5. The regulations of the proposed clearing house must have satisfactory provisions with respect to:

a. ensuring that the applicant will so far as is reasonably practicable operate an orderly and fair market in relation to the instruments that are cleared through its facilities;

b. ensuring that the applicant will manage any risk associated with its activities prudently;

c. ensuring that the applicant in discharging its obligations under point “a” of this paragraph will not act contrary to the public interest and in particular the interests of investors;

ç) ensuring that the applicant is able to take appropriate action against its members to whom its regulations apply;

d) ensuring that the rules made by the applicant are transparent and non-discretionary and have satisfactory provision:

i. for the admission of clearing members;

ii. for the proper regulation and supervision of its members;

iii. for the exclusion of members who are not fit and proper;

iv. for the expulsion, suspension or discipline including fines for its members;

v. for the conditions in which it will undertake clearing;

vi. for the prohibition of market abuse, misconduct or insider trading;

vii. for the suspension of its clearing system for the protection of investors or to maintain of an orderly market or other extraordinary circumstances;

viii. for the appointment of a disciplinary committee where the majority of its members are not clearing members;

ix. for the applicant to enter into contracts with members which require them to be bound by the regulations of the operator;

x. for the carrying on the activity of the clearing house with due regard to the need for the protection of investors and the public interest;

dh) ensuring a quick and fair method for the settlement of disputes:

i. between the clearing house and its members; and

ii. between clearing members;

e) provisions relating to classes of financial instruments that may be cleared on its facilities;

ë) provisions relating to the administration of a settlement guarantee fund;

f) provisions relating to the initiation of default proceedings if a member has failed, and risk management procedures applicable where a member appears to be unable, or likely to become unable, to meet its obligations;

g) the time for entering settlement orders into the settlement system and the time when such orders become final and irrevocable;

gj) where the clearing house performs the function of a central counterparty the regulations must provide for the time of counterparty substitution in the netting arrangements, finality of settlement and any other duties and functions relevant to a central counterparty;

h) default rules to facilitate the uninterrupted services of the clearing house where the clearing house suffers losses caused by the default of a member or any other circumstances that threatens the solvency of a clearing house;

i) the governing of collateral including the depositing and efficient creation and realisation of collateral in the event of default or insolvency of a member;

j) ensuring that the applicant must have sufficient financial, human and other resources to ensure the provision of:

i. an orderly and fair market in relation to the financial instruments that are cleared through its facilities;

ii. adequate and properly equipped premises for the conduct of its activity;

iii. ownership, governance arrangements and a management body that consists of persons who are fit and proper under Article 13 of this Law;

iv. competent personnel for the conduct of its activity; and

v. automated systems with adequate capacity, security arrangements and facilities to meet emergencies;

k) to satisfy the Authority that the interests of the public or the proper regulation of the market will be served by granting the licence.

6. An applicant under paragraph 1 of this Article must provide such information as the Authority considers necessary in order to determine the application.

7. Without limiting the generality of the conditions set out in paragraph 3 of this Article, the Authority may amend, revoke or impose new terms and conditions or require adding to or varying rules of the clearing house if the Authority considers that it is appropriate to do so for the protection of investors or for the proper regulation of the market.
8. The Authority must approve all initial regulations and any alterations made to them made by a clearing house.
9. A clearing house which is granted a licence under this Law is subject to the continuous supervision of the Authority and must ensure it complies at all times with the conditions for initial licensing and any other continuing obligations under this Law.

Article 196
License refusal

1. The Authority refuses the licence to the clearing house:
a. if the applicant does not meet the relevant requirements of Article 197 of this Law in any respect, and specifically if, taking into account the need to ensure the sound and prudent management of a clearing house, the Authority is not satisfied as to the suitability of its qualifying holders; the management body and senior managers;
b. unless it is satisfied that the company will be able to meet the conditions of this Law; and
c. where the effective exercise of its supervisory functions is prevented by:
i. close links between the clearing house and other legal or natural persons;
ii. the laws, regulations or administrative provisions of another country or territory governing natural or legal persons with whom the clearing house has close links;
iii. difficulties involved in the enforcement of those laws, regulations and administrative provisions.

Article 197
Duties of a Clearing House

1. A clearing house must:
a. establish and operate facilities for the handling of securities transaction;
b. ensure that facilities under point "a" provide fair, transparent and efficient clearing and settlement arrangements for transactions cleared or settled through its facilities;
c. ensure adequate measures to prevent and mitigate fraud or any other market manipulation mechanism are established to:
i. guard against falsification of the records or accounts required to be kept or maintained under this Law; and
ii. ensure a proper and efficient system for the tracing, verification, inspection, identification and recording of all transactions with it;

iii. seek approval for any fees proposed to be levied in respect of the services it renders; and

iv. ensure that the risks associated with its business and operations are managed prudently.

2. A clearing house must, in discharging its duty under paragraph 1 of this Article, act in the interest of the investors and the public.

3. A clearing house must operate its facilities and perform its duties in accordance with regulations approved by the Authority.

4. A clearing house must, in the conduct of its duties, at all times, maintain:

a) adequate and properly equipped premises;

b) competent personnel; and

c) automated systems with adequate capacity and facilities, security arrangements and technical support to meet contingencies or disasters, approved by the Authority.

5. A clearing house must preserve confidentiality with regard to the information in its possession concerning its members and their clients provided that such information may be disclosed to the Authority when requested to do so in writing, or upon written request of a securities exchange, for which it is a clearing house, or must do so by any law.

6. A clearing house must immediately notify the Authority if it becomes aware:

a) of the inability of any of its members, to comply with any of its regulations;

b) of a financial irregularity or other matter which, in the opinion of the clearing house or its operator, may indicate that the financial standing or integrity of a member is questionable; or

c) of the likelihood of a member not being able to meet its legal obligations.

7. A clearing house must be entitled to charge such fees for its services and facilities as may be approved by the Authority.

8. The Authority may, from time to time by way of regulations prescribe such other duties to be performed by a clearing house as it considers appropriate.

Article 198
Cancellation of license held by a clearing house

1. The Authority may by notice in writing:

a. cancel the licence granted to a clearing house with effect from the date specified in the notice; or

b. direct the clearing house to cease to provide or operate such facilities or services as are specified in the notice from a particular date.

2. The Authority shall cancel the licence or issue a direction unless the Authority considers that it is appropriate to do so for the protection of investors or in the public interest for the proper regulation of the market, as in the following cases:

a) the clearing house ceases to provide clearing facilities;

b) the clearing house is being liquidated, whether in the Republic of Albania or elsewhere;

c) the clearing house has contravened any term or condition of its licence or otherwise contravened this Law;

ç) the clearing house has failed to comply with any Direction issued under this Law;

d) the clearing house has supplied the Authority with information which was false or misleading in any material particular;

dh) a judgement debt against the clearing house is not paid in whole or part;

e) insolvency administrator or liquidator has been appointed whether in the Republic of Albania or elsewhere in relation to any property of the clearing house;

ë) the clearing house has whether in the Republic of Albania or elsewhere entered into a compromise with its creditors; or

f) the clearing house of its own accord has applied to the Authority to cancel its licence and the Authority agrees with this application.

3. For the purposes of point "a" under paragraph 2 of this Article, a clearing house must be deemed to have ceased to provide clearing facilities if it has ceased to provide such facilities for a period of 28 working days unless it has obtained the prior approval of the Authority.

4. Notwithstanding the cancellation of a licence or a direction being issued the Authority may permit the clearing house to continue on or after the date on which the cancellation is to take effect, to carry out such activities affected by the cancellation or directions as the Authority may specify for the purpose of:

a) closing down the operations of the clearing house or ceasing to provide the services specified in the notice; or

b) protecting the investors or the public interest.

5. Where the Authority acts under paragraph 1 of this Article it may where it deems necessary appoint an interim management board for a period of six months and be extended for a period of one year to manage the activity of the clearing house until a new management board is appointed. The term of office of the Interim Management Board may be extended by up to one year.

6. When the Authority approves the carrying on of the clearing house activity under paragraph 4 of this Article, the clearing house must not by reason of carrying out such activities be regarded as having contravened paragraph 1 of this Article, as a result of the pursuit of such activities.

7. The Authority may not take any action under paragraph 1 of this Article without giving the clearing house the opportunity to make representations in writing.

8. A clearing house which is aggrieved by a decision of the Authority may appeal to the court.
9. The Authority must give public notice of any cancellation of license or Direction issued under this Article.

Article 199
Effect of cancellation of license to a Clearing House

1. Any cancellation of a licence or Direction must not operate so as to:

a) avoid or affect any contract, agreement, transaction or arrangement entered into or undertaken through the clearing house whether the contract, agreement, transaction or arrangement was entered into or undertaken before, or after the preliminary withdrawal of the licence or issuance of the Direction; or

b) affect any rights or obligations arising under such contract agreement or transaction.

Article 200
Default Regulations

A clearing house must for the purposes of risk management, initiate default proceedings under its default regulations, if a clearing member is unable or likely to become unable to meet the obligations in respect of all or any unsettled market contracts to which the clearing member is a party.

Article 201
Default Proceedings of a Clearing House to Take Precedence

1. Any default proceedings initiated by the clearing house must take precedence over any other legal proceedings relating to the distribution of assets of a person relating to bankruptcy subject to the terms and conditions set out in the following instruments:

a. a market contract;

b. the regulations of a clearing house relating to the settlement of a market contract;

c) any proceedings or other action taken under the regulations of a clearing house relating to the settlement of a market contract;

ç) financial collateral agreement;

d) financial collateral;

dh) the default regulations of a clearing house; or

e) any default proceedings.

2. Subject to paragraph 1 of this Article no powers in relation to liquidation proceedings under the applicable Law "On Entrepreneurs and Companies" may be exercised in such a way as to prevent or interfere with:

a) the settlement of a market contract in accordance with the regulations of a clearing house; or

b) any default proceedings.

Article 202
Duty to report on completion of default proceedings

1. Upon completion of any default proceedings, a clearing house must provide a report in respect of each defaulter to those set out in paragraph 2 of this Article below in respect of the following:

a) the net sum, if any, certified by the clearing house to be payable by or to the defaulter;

b) the fact that no sum is so payable; and

c) the clearing house may include in that report such other particulars in respect of such default proceedings as it thinks fit.

2. The report prepared under paragraph 1 of this Article must be provided forthwith:

a) to the Authority;

b) to the relevant office holder acting for the defaulter to whom the report relates or that defaulter's assets; or

c) when there is no relevant officeholder referred to in point "b" of this paragraph, to the defaulter to whom the report relates.

3. Where the Authority receives a report pursuant to paragraph 2 of this Article in relation to paragraph 1, it may publish a notice to bring it to the attention of creditors of the defaulter to whom the report relates.

4. Where a relevant office-holder or defaulter receives a report pursuant to paragraph 1 under this Article, he must, at the request of any of his creditors:

a) make the report available for inspection by the creditor within two days from the receipt of such request; or

b) on payment of a relevant fee as determined by the relevant office holder or the defaulter, supply to the creditor all or any part of that report as requested.

Article 203
Net sum payable on completion of default proceedings

1. Upon the completion of default proceedings, the net sum certified under paragraph 1, point "a" under Article 202, by a clearing house shall be payable by or to the defaulter.
2. Notwithstanding any provision of the applicable Law "On Entrepreneurs and Companies" as amended, where an order for liquidation has been made, the net sum referred to in paragraph 1 of this Article must be taken into account in relation to those proceedings.

Article 204
Clearing Member to be party to certain transactions as principal

A clearing member who enters into any transaction, including a market contract with a clearing house would be a party to that transaction as agent but for this part, must for all purposes (including any civil action, claim or demand) be deemed to be a party to that transaction as principal and not as agent, notwithstanding any provision in any other Law.

Article 205
Financial instruments delivered to a clearing house

Notwithstanding any provision in any other Law, where financial instruments are delivered in settlement of a market contract or provided as financial collateral or under a financial collateral agreement to a clearing house by a clearing member in accordance with the regulations of the clearing house, no civil action, claim or demand, in respect of any right, securities or interest in financial instruments delivered to a clearing house must be commenced or allowed against the clearing house.

Article 206
Application of collateral subject to a financial collateral agreement

The clearing house must be entitled to execute the collateral subject to a financial collateral agreement in accordance with the procedure specified in the regulation of a clearing house.

Article 207
Enforcement of judgments subject to a financial collateral agreement

Where property is subject to a market charge or has been provided as market collateral, in the realization of such property by a clearing house, no execution or other legal process for the enforcement of a judgment or order may be commenced or continued, may be levied

against the property and this property cannot be used for any other settlement by a relevant office holder seeking to enforce any interest in or guarantee over property, except with the consent of the clearing house notwithstanding the provisions of the other laws.

Article 208
Financial instruments transfers in settlement

1. A licenced depository and the payment system must give effect to any transfer order from a respective market institution provided such instruction must be for the purposes of settlement of a market contract.
2. Where any transfer order of financial instruments is given effect pursuant to paragraph 1 of this Article, no security in such financial instruments must pass except as provided under the rules of the central depository.
3. Where any transfer order is given effect pursuant to paragraph 1 of this Article by the respective system, the confirmation received by the respective market institution on the settlement by the respective system pursuant to such transfer order as specified in the regulations of the respective market institution must be final and irrevocable and must not be subject to any action or claim by any person.

Article 209
Purchase and sale of financial instruments

1. A clearing house may instruct a broker to effect on behalf of the clearing house a sale or purchase of financial instruments if such sale or purchase, as the case may be, is affected for the purposes of settlement of any market contract or to facilitate a default proceeding or to enable clearing house to realise any asset comprised in any market charge or provided as market collateral, and the exchange must give effect to any such instruction.
2. Where a sale or purchase of financial instruments has been affected on behalf of the clearing house pursuant to paragraph 1 of this Article by a broker, the broker must not be subject to any action or claim by or be liable to any damages to any person.

Article 210
Immunity from criminal and civil liability

1. No criminal or civil liability must be incurred by:

a) a person discharging an obligation by virtue of delegation under the default regulations of a clearing house in connection with any default proceedings; or

b) any person acting on behalf of a person referred to in paragraph a) including:

i. any member of the management board/supervisory board of the person referred to in point "a" of this paragraph; and

ii. any member of any committee established by the person referred to point "a" of this paragraph, for anything done within (including any statement made) or omitted to be done in good faith in the course of, or in connection with, the discharge or purported discharge of that obligation.

2. Where a relevant office-holder takes action in relation to any property of any defaulter which is liable to be dealt in accordance with the default regulations of a clearing house, and reasonably believes or has reasonable grounds for believing that he is entitled to take that action, the relevant office-holder must not be liable to any person in respect of any loss or damage resulting from such action except where the loss or damage was caused by the negligence of the relevant office-holder.

PART VIII
Central Securities Depository ('CSD') or Registrar

Article 211
Core services of Central Securities Depository

Core services of central securities depositories are as follows:

1. Initial recording of securities in a book-entry system ('notary service');
2. Providing and maintaining securities accounts at the top tier level ('central maintenance service');
3. Operating a securities settlement system ('settlement service') in accordance with the applicable Law "On the Payment System".

Article 212
Ancillary services of Central Securities Depositary (CSD)

1. Central Securities Depository provides other non-banking type ancillary services that contribute to enhancing the safety, efficiency and transparency of the securities markets, which may include the following:

a) Services related to the settlement service, such as:

i. Organising a securities lending mechanism, as agent among participants of a securities settlement system;

ii. Providing collateral management services, as agent for participants in a securities settlement system;

iii. Settlement matching, instruction routing, trade confirmation, trade verification.

b) Services related to the notary and central maintenance services, such as:

i. Services related to shareholders' registers;

ii. Supporting the processing of company's actions, including tax, general meetings and information services;
iii. New issue services, including allocation and management of ISIN codes and similar codes;
iv. Instruction routing and processing, fee collection and processing and related reporting.
2. Establishing CSD links, providing, maintaining or operating securities accounts in relation to the settlement service, collateral management and other ancillary services.
3. Any other services, such as:

a) Providing general collateral management services as agent;
b) Providing regulatory reporting;
c) Providing information, data and statistics to market/census bureaus or other governmental or inter-governmental entities;
ç) Providing IT services.

Article 213
Prohibition against operating an unlicensed central depository or registrar

A person must not establish, maintain, operate or hold himself out as providing or operating a central depository or registrar for handling and recording of financial instruments, whether or not such financial instruments are listed on any exchange without obtaining a license from the Authority.

Article 214
Authorization to provide banking-type ancillary services

A CSD shall not itself provide any banking-type ancillary services or payment services unless it has obtained an additional authorization to provide such services in line with applicable Law "On Banks".

Article 215
Obligation to dematerialize securities

Any issuer that issues or has issued transferable securities which are admitted to trading or traded on trading venues, shall arrange for such securities to be represented in book-entry form as immobilization or subsequent to a direct issuance in dematerialized form.

Article 216
Recording prior to settlement date

Where a transaction in transferable securities takes place on a trading venue the relevant securities shall be recorded in book-entry form in a CSD on or before the intended settlement date, unless they have already been so recorded**.**

Article 217
Settlement

1. Any participant in a securities settlement system that settles in that system on its own account or on behalf of a third-party transactions in transferable securities, money-market instruments, units in collective investment undertakings shall settle such transactions on the intended settlement date.
2. As regards transactions in transferable securities referred to in paragraph 1 of this Article which are executed on trading venues, the intended settlement date shall be no later than on the second business day after the trading takes place. That requirement shall not apply to transactions which are negotiated privately but executed on a trading venue, to transactions which are executed bilaterally but reported to a trading venue or to the first transaction where the transferable securities concerned are subject to initial recording in book-entry form.

Article 218
Prevention of settlement fails

1. Trading venues shall establish procedures that enable the confirmation of relevant details of transactions in financial instruments on the date when the transaction has been executed.
2. Notwithstanding the requirement laid down in paragraph 1 of this Article, investment firms shall, where applicable, take measures to limit the number of settlement fails. Such measures shall at least consist of agreements between the investment firm and its professional clients to ensure the prompt communication of an allocation of securities to the transaction, in good time before the intended settlement date.
3. For each securities settlement system it operates, a CSD shall establish procedures that facilitate the settlement of transactions in financial instruments referred to in Article 217, under this Law on the intended settlement date with a minimum exposure of its participants to counterparty and liquidity risks and a low rate of settlement fails. The CSD shall promote early settlement on the intended settlement date through appropriate mechanisms.
4. For each securities settlement system it operates, a CSD shall put in place measures to encourage and ensure the timely settlement of transactions by its participants. CSDs shall require participants to settle their transactions on the intended settlement date.

Article 219
Measures to address settlement fail

1.For each securities settlement system it operates, a CSD shall establish a system that monitors settlement fails of transactions in financial instruments. The CSD shall provide regular reports to the Authority as to the number and details of settlement fails and any other relevant information, including the measures envisaged by CSDs and their participants to improve settlement efficiency. Those reports shall be made public by CSDs in an aggregated and anonymized form on an annual basis.

2. For each securities settlement system it operates, a CSD shall establish procedures that facilitate settlement of transactions in financial instruments that are not settled on the intended settlement date. These procedures shall provide for a penalty mechanism which will serve as an effective deterrent for participants that cause settlement fails.

3. Before establishing the procedures referred to in the paragraph 1 of this Article, a CSD shall consult the relevant trading venues and Central Counterparties (CCPs) in respect of which it provides settlement services.

Article 220
Requirements for participation

1. For each securities settlement system it operates a CSD shall have publicly disclosed criteria for participation which allow fair and open access for all legal persons that intend to become participants. Such criteria shall be transparent, objective, and non-discriminatory so as to ensure fair and open access to the CSD with due regard to risks to financial stability and the orderliness of markets. Criteria that restrict access shall be permitted only to the extent that their objective is to justifiably control a specified risk for the CSD.

2. A CSD shall treat requests for access promptly by providing a response to such requests within one month at the latest and shall make the procedures for treating access requests publicly available.

3. A CSD shall deny access to a participant meeting the criteria referred to in paragraph 1 of this Article only where duly justified in writing and based on a comprehensive risk assessment. In the event of a refusal, the requesting participant has the right to complain to the competent authority of the CSD that has refused access. That Authority shall duly examine the complaint by assessing the reasons for refusal and shall provide the requesting participant with a reasoned reply. Where the refusal by the CSD to grant access to the requesting participant is deemed to be unjustified, the licensing Authority of the CSD that has refused access shall issue an order requiring that CSD to grant access to the requesting participant.

4. A CSD shall have objective and transparent procedures for the suspension and orderly exit of participants that no longer meet the criteria for participation referred to in paragraph 1 of this Article.

Article 221
Transparency

1. For each securities settlement system it operates, as well as for each of the other core services it performs, a CSD shall publicly disclose the prices and fees associated with the core services that they provide. It shall disclose the prices and fees of each service and function provided separately, including discounts and rebates and the conditions to benefit from those reductions. It shall allow its clients separate access to the specific services provided.
2. A CSD shall publish its price list so as to facilitate the comparison of offers and to allow clients to anticipate the price they shall have to pay for the use of services.
3. A CSD shall be bound by its published pricing policy for its core services.
4. A CSD shall provide its clients with information that allows reconciling invoices with the published price lists.
5. A CSD shall disclose information to all the clients allowing them to assess the risks associated with the services provided.
6. A CSD shall account separately for costs and revenues of the core services provided and shall disclose that information to the competent authority.
7. A CSD shall account for the cost and revenue of the ancillary services provided as a whole and shall disclose that information to the competent authority.
8. In order to ensure effective application of competition rules and enable the identification, inter alia, of cross-subsidization of ancillary services costs by core services revenues, a CSD shall maintain analytical accounting for its activities. Such analytical accounts shall at least separate the costs and revenues associated with each of its core services from those associated with ancillary services.

Article 222
Participant default rules and procedures

1. For each securities settlement system it operates, a CSD shall have effective and clearly defined rules and procedures to manage the default of one or more of its participants ensuring that the CSD can take timely action to contain losses and liquidity pressures and continue to meet its obligations.
2. A CSD shall make its default rules and relevant procedures available to the public.
3. A CSD shall undertake with its participants and other relevant stakeholders periodic testing and review of its default procedures to ensure that they are practical and effective.

Article 223
Access between a CSD and another market infrastructure

1. A CCP and a trading venue shall provide transaction feeds on a non-discriminatory and transparent basis to a CSD upon request by the CSD and may charge a reasonable commercial fee for such transaction feeds to the requesting CSD on a cost-plus basis, unless otherwise agreed by both parties. A CSD shall provide access to its securities settlement systems on a non-discriminatory and transparent basis to a CCP or a trading venue and may charge a reasonable commercial fee for such access on a cost-plus basis, unless otherwise agreed by both parties.
2. When a party submits a request for access to another party in accordance with paragraph 1 of this Article, such request shall be treated promptly and a response to the requesting party shall be provided within three months.
3. The receiving party shall deny access only where such access would affect the smooth and orderly functioning of the financial markets or cause systemic risk. It shall not deny a request on the grounds of loss of market share. A party that refuses access shall provide the requesting party with full written reasons for such refusal based on a comprehensive risk assessment. In the case of a refusal, the requesting party has the right to complain to the competent authority of the party that has refused access. The Authority shall duly examine the complaint by assessing the reasons for refusal and shall provide the requesting party with a reasoned reply.

Article 224
Application for a license to operate a CSD or registrar of securities

1. An application for a licence to establish and/or operate a central depository or registrar must be made to the Authority in such manner and form as may be specified by the Authority and must be accompanied by a non-refundable fee specified by the Authority.
2. An application for a licence to establish and/or operate a central depository or registrar can only be made by a legal person.
3. An applicant must provide all information necessary to satisfy the Authority that the applicant has established, at the time of licencing all the necessary arrangements to meet the requirements laid down in this Law.
4. The Authority may grant a licence to operate a central depository or registrar subject to any terms and conditions as it sees fit if the Authority has received all necessary documents.
5. The regulation of the proposed central depository or registrar must have satisfactory provisions with respect to:

a) the maintenance of accounts of securities on behalf of owners of those securities;

b) ensuring that the applicant will manage any risk associated with its business and operations prudently;

c) ensuring that the applicant in discharging it obligations under point "a" of this article will not act contrary to the interests of holders of accounts representing ownership

ç) conditions in which securities may be registered in, withdrawn from or transferred to or recorded in its register;

d) protection of the interests of account holders and confidentiality of information on registered securities and transactions therein;

dh) ensuring a quick and fair method for the settlement of disputes:

e) the applicant must have sufficient financial, human and other resources to ensure the provision of:

i. an orderly and fair organisation in relation to maintaining the accounts of owners and the registered securities;

ii. adequate and properly equipped premises for the conduct of its business;

iii. governance arrangements and a management body that consists of persons who are fit and proper;

iv. competent personnel for the conduct of its business; and

v. systems with adequate capacity, security arrangements

ë) facilities to meet emergencies; and

f) interests of the public or the proper regulation of the market will be served by granting the license.

6. The applicant under paragraph 1 of this Article must provide such information as the Authority considers necessary in order to determine the application.

7. The Authority will set out in a regulation the precise procedure for making an application.

8. Without limiting the generality of the conditions set out in paragraph 4 of this Article the Authority may amend, revoke or impose new terms and conditions if the Authority considers that it is appropriate to do so for the protection of investors or for the proper regulation of the market.

9. The Authority shall approve in advance all central depository regulations and alterations made thereto.

10. A Central Depository which is granted a licence under this Law is subject to the continuous supervision of the Authority and must ensure it complies at all times with the conditions for initial licensing and any other continuing obligations under this Law.

Article 225
License refusal

1. The Authority must not grant a licence to the registrar or Central Depository:

a) if the applicant does not meet the relevant requirements of Article 224 under this Law in any respect, and specifically if, taking into account the need to ensure the sound and prudent management of a central depository or registrar, the Authority is not satisfied as to the suitability of its qualifying holders; the management body and senior managers;

b) unless it is satisfied that the company will be able to meet the requirements of this Law**;** and

c) where the effective exercise of its supervisory functions is prevented by:

i. close links between the central depositary or registrar and other legal or natural persons;

ii. the laws, by-laws or administrative provisions of another country or territory governing natural or legal persons with whom the central depository or registrar has close links;

iii. difficulties involved in the enforcement of those laws, by-laws and administrative provisions.

Article 226
Duties of a Central Depository or Registrar

1. The Central Depository must:

a) establish and operate facilities for the registration of securities centrally;

b) ensure that facilities under point "a" under this paragraph provide fair, transparent and efficient arrangements for securities registered by it;

c) ensure adequate measures to prevent and mitigate fraud or any other system manipulation mechanisms are established to:

i. ensure safe custody of certificates and other documents deposited with the central depository or registrar;

ii. guard against falsification of the records or accounts required to be kept or maintained under this Law; and

iii. ensure a proper and efficient system for the tracing, verification, inspection, identification and recording of all transactions with the central depository or registrar;

ç) must determine the fees in respect of the services rendered in accordance with the applicable laws and by-laws;

a. ensure that the risks associated with its business and operations are managed prudently.

2. A central depository or registrar must, in discharging its duty under the paragraph of this Article, act in the interest of the investors and the public.

3. A central depository or registrar must operate its facilities and perform its duties in accordance with the rules approved by the Authority

4. A central depository or registrar must approve and implement appropriate procedures to ensure that its members comply with its regulations.

5. A central depository or registrar must, in the conduct of its business, at all times, maintain:

a) adequate and properly equipped premises;

b) competent personnel; and

c) automated systems with adequate capacity and facilities, security arrangements and technical support to meet contingencies or disasters, approved by the Authority.

6. A central depository or registrar must preserve confidentiality with regard to the information in its possession concerning its members and their clients provided that such information may be disclosed to the Authority or the securities exchange acting as a central depository or a registrar, if so requested in writing or if required by a particular Law.

7. A central depository or registrar must, immediately notify the Authority if it becomes aware:

a. of the inability of any of its members to comply with any of its regulations;

b. of a financial irregularity or other matter which, in the opinion of the central depository, may indicate that the financial standing or integrity of a member is questionable; or

c. of the likelihood of one of its members not being able to meet its legal obligations.

8. A central depository or registrar must be entitled to charge such fees for its services and facilities as may be approved by the Authority.

9. The Authority may, from time to time by way of regulation prescribe such other duties to be performed by a Central Depository or registrar as it considers appropriate.

Article 227
Cancellation of license held by a Central Depository

1. The Authority may by notice in writing:

a. cancel the licence granted with effect from the date specified in the notice; or

b. direct the central depository or registrar to cease to provide or operate, or to cease to provide such services, as are specified in the notice, with effect from the date specified in the notice.

2. The Authority may not cancel a licence or issue a direction unless the Authority considers that it is appropriate to do so for the protection of investors or in the public interest for the proper regulation of the market, in the following cases:

a) the Central Depository or registrar ceases to provide adequate facilities;

b) the Central Depository or registrar being liquidated,

c) the Central Depository or registrar has contravened any term or condition of its licence or otherwise contravened this Law;

ç) the central depository or registrar has failed to comply with any Direction issued under this Law;

d) the central Depository or registrar has supplied the Authority with information which was false or misleading in any material particular;

dh) a judgement debt against the central depository or registrar is not paid in whole or part;

e) an insolvency administrator or liquidator has been appointed whether in the Republic of Albania or elsewhere in relation to any property of the central depository or registrar;

ë) the central depository or registrar has whether in the Republic of Albania or elsewhere entered into a compromise with its creditors; or

vi. the central depository or registrar of its own accord has applied to the Authority to cancel its licence and the Authority agrees with this application.

3. For the purposes of paragraph 2, point "a" of this Article, the central depository or registrar must be deemed to have ceased to operate a system for the central handling of securities if it has ceased to operate such system for a period of twenty-eight working days] unless it has obtained the prior approval of the Authority to do so.

4. Notwithstanding the cancellation of a licence or the issuance of a Direction under paragraph 1 of this Article, the Authority may permit the central depository or registrar to continue, on or after the date on which the cancellation or Direction is to take effect, to carry out such activities affected by the cancellation or Direction as the Authority may specify for the purpose of:

a) closing down the operations of the central depository; or

b) protecting the depositors or the public interest.

5. Where the Authority acts under paragraph 1 of this Article the Authority may where it deems necessary appoint an interim management board for a period of six months to manage the affairs of the central Depository.

6. When the Authority grants permission to the central depository or registrar under paragraph 4 of this Article, the central depository must not, by reason of its carrying on the activities in accordance with the permission, be regarded as having contravened paragraph 1 of this Article.

7. The Authority may not take any action under paragraph 1 of this Article without giving the central Depository or registrar the opportunity to make representations in writing.

8. A central depository or registrar which is aggrieved by a decision of the Authority may appeal to the court

9. The Authority must give public notice of any cancellation of license or Direction issued under this Article.

10. The Authority shall approve regulations on the transfer process of the license to another licensed operator or to another entity in case of cancellation of the licence, at the discretion of the Authority.

Article 228
Effect of cancellation of license to a central depository

1. Any cancellation of a licence or a Direction issued in accordance with the above provisions:

a) avoid or affect any contract, agreement, transaction or arrangement entered into on the computer system operated by the central depository or registrar, whether the contract, agreement, transaction or arrangement was entered into before or, after the cancellation of the licence or issuance of the Direction; or

b) affect any right, obligation or liability arising under such contract, agreement, transaction or arrangement.

Article 229
Financial Instruments Accounts

1. A central depository or registrar may establish different types of securities accounts for every such financial instruments account opened with a Central Depository.
2. If required by the Authority or by order of a court the depositary may require the account holder or custodian to disclose the identity of the final beneficial owner of securities for whom it holds those securities in custody.

Article 230
Book Entry financial instruments lodged with the Central Depository or Registrar

All records of financial instruments held in a central depository must be made by means of book-entries in the accounts of the central depository or registrar in dematerialized form without the need for physical delivery.

Article 231
Record of entry in an account

A record of an entry in an account maintained by the central depository or registrar must be prima facie evidence of the authenticity of such matter.

Article 232
Protection for beneficial owner of securities held by the Central Depository or Registrar

1. Where the central depository or registrar holds financial instruments to the order of third parties the instruments concerned are not the property of the depository or the third party who deposited those instruments but remain the absolute property of the client or ultimate beneficial owner of the instrument in question.
2. Where the central depository holds financial instruments to the order of third parties who are in turn depositing those securities for safe custody for their clients the central Depository's or registrar's system must be capable of recording and holding:

a) the names and details of the ultimate beneficial owner;

b) the rights and duties attached to the financial instruments maintained in the accounts of the central depository or registrar may only be exercised by the beneficiary identified in the respective account held in the central depository or registrar; and

3. The appointment of a liquidator, insolvency administrator, temporary administrator or commencement of any bankruptcy proceeding against a depository or a member of a depository or registrar must not affect the rights of the beneficial owners of financial instruments held by the central depository to the account of a depository member.

Article 233
Validation

Any registration of financial instruments by the depository or registrar prior to the enactment of this Law must not be invalid only for the reason that such registration has been done other than in accordance with the provisions of this Law and the regulations made under it.

PART IX
CREDIT RATING AGENCIES

Article 234
Prohibition against establishing an unlicensed Credit Rating Agency

1. No person must establish, operate or maintain, or assist in establishing, operating or maintaining, or hold himself out as providing, operating or maintaining, a credit rating agency that is not:

a) licensed by the Authority;

b) recognised by the Authority as being a foreign credit rating Authority. These provisions apply to credit ratings issued by credit rating agencies which are disclosed to the public and distributed to the public by subscription.

2. For the purposes of this Law, paragraph 1 does not apply to:

a) private credit ratings produced pursuant to an individual order and provided exclusively to the person who placed the order, and which are not intended for public disclosure or distribution by subscription;

b) credit scoring systems or similar assessments related to obligations arising from investor, commercial or industrial relationships;

c) credit ratings produced by export credit agencies; or

ç) credit ratings produced by central banks and which:

i. are not paid for by the rated entity;

ii. are not disclosed to the public;

iii. are issued in accordance with the principles, standards and procedures which ensure the adequate integrity and independence of credit rating activities as provided for by regulations made by the Authority; and

iv. do not relate to financial instruments issued by the central bank's respective state.

3. For the purposes of this Law, the following must not be considered to be credit ratings:

a. recommendations which comprise research or other information recommending or suggesting an investment strategy, whether explicitly or implicitly, concerning one or several investment instruments or the issuers of investment instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public;

b) investment research as regards organisational requirements and operating conditions for investment firms;

c) other forms of general recommendation, such as 'buy', 'sell' or 'hold', relating to transactions in investment instruments or to financial obligations; or

ç) opinions from market participants about the value of an investment instrument or a financial obligation.

Article 235
Application for a License to establish or operate a Domestic Credit Rating Agency

1. The Authority must grant a licence as a credit rating agency only where it considers that the operator of the credit rating agency is fit and proper and his systems comply with the requirements of this Law.
2. The operator of the credit rating agency must provide all such information as may be required by the Authority as to his proposed operations including the types of businesses envisaged and the organisational structure necessary to enable the Authority to satisfy itself that the operator of the credit rating agency has established, at the time of licensing all the necessary arrangements to meet his obligations under the provisions of this Law.
3. Every application for a licence as an operator of a credit rating agency made under this Law must be accompanied by:

a) particulars of any arrangements which the operator has made or proposes to make for the provision of his services; and

b) details of his organisational arrangements.

4. An operator of a credit rating agency who is granted a licence under this law is subject to the continuous supervision of the Authority and must ensure that it complies at all times with this Law and any by-laws made under it.

Article 236
License refusal

1. The Authority must not grant a licence to a credit rating agency:

a) if the applicant does not meet the relevant requirements in any respect, and specifically if, taking into account the need to ensure the sound and prudent management of a credit rating agency, the Authority is not satisfied as to the suitability of its qualifying holders; the management body and senior managers;

b) unless it is satisfied that the company will be able to meet the conditions of this Law; and

c) where the effective exercise of its supervisory functions is prevented by:

i. close links between the credit rating agency and other legal or natural persons;

ii. the laws, by-laws or administrative provisions of another country or territory governing natural or legal persons activity with whom the credit rating agency has close links;

iii. difficulties involved in the enforcement of those laws, by-laws and administrative provisions.

Article 237
Organizational Requirements for the Operator of a Domestic Credit Rating Agency

1. The person who effectively directs the business activity and the operations of the credit rating agency must be fit and proper under Article 13 and of sufficiently good repute and sufficiently experienced as to ensure the sound and prudent management and operation of the agency.
2. The operator of a credit rating agency must inform the Authority of the identity and any other subsequent changes of the persons who effectively direct the business activity and the operations of the credit rating agency before such changes are implemented.
3. The Authority must refuse to approve proposed changes where it appears to the Authority that there are grounds for believing that the person or persons proposed to direct the business activities of the operator of the credit rating agency pose a material threat to the sound and prudent management and operation of the credit rating agency.

Article 238
Regulations for Operators of a Licensed Domestic Credit Rating Agency

1. The Authority may make regulations which require that the operator of a domestic credit rating agency must have the following organisational arrangements in place:

a. to identify clearly and manage the potential adverse consequences in its day to day operations and for its clients of any conflict of interest between the interest of its owners or its operator and the sound functioning of the business;

b) to be adequately equipped to manage the risks to which it is exposed, to implement appropriate arrangements and systems to identify all significant risks to its operation, and to put in place effective measures to mitigate those risks;

c) for the sound management of the technical operations of its systems, including outsourcing and the establishment of effective contingency arrangements to cope with risks of systems disruptions;

ç) for ensuring the verification of the sufficiency and quality of the information upon which the agency bases their ratings;

d) for ensuring the disclosure of the models, methodologies and key assumptions on which it bases its ratings;

dh) for publishing an annual transparency report;

e) for establishing an internal function to review the quality of their ratings; and

ë) at the time of licensing and on continuing basis, possessing sufficient financial resources to facilitate its orderly operations having regard to the nature and extent of its business and the range and degree of the risks to which it is exposed.

Article 239
Recognition of a Foreign Credit Rating Agency

1. Any legal person which is licensed or recognised as credit rating agency in a foreign country may apply to the Authority for recognition as a foreign credit rating agency.
2. The Authority may make regulations as to the mode and form of the application.
3. If it appears to the Authority that the operator of a foreign credit rating Authority satisfies the requirements of paragraph 4 of this Article, it may declare the applicant to be recognised as a foreign credit rating agency.
4. The requirements for the recognition of the foreign credit rating agency are as follows:

a. consumers are afforded protection adequate to that which they would be afforded if the operator concerned were required to comply with licensing requirements for credit rating agency under this part;

b. the applicant is able and willing to co-operate with the Authority by the sharing of information and in other ways; and

c. adequate arrangements exist for co-operation between the Authority and those responsible for the supervision of the applicant in the country or territory in which the applicant's head office is situated.

5. Notwithstanding the provisions of this Article, the Authority shall automatically recognise all credit rating agencies licensed/registered or recognised by the European Securities Market Authority (ESMA).

Article 240
Reporting requirements for Recognized Credit Rating Agency

1. At least once a year, every recognised foreign credit rating agency must provide the Authority with a report which must contain a statement as to whether any events have occurred which are likely:

a) to affect the Authority's assessment of whether it meets the requirements for recognition or

b) to have any impact on market competition.

2. The report must also contain such other information as may be specified in regulations made by the Authority.

Article 241
Power to give Directions in case of non-compliance

1. This Article applies if it appears to the Authority that the operator of a licensed or recognised credit rating agency:

a) has failed, or is likely to fail, to satisfy the licensing or recognition requirements; or

b) has failed to comply with any other obligation imposed on it by or under this Law or any regulations made under it.

2. The Authority may direct the operator of the licensed or recognised credit rating agency to take specified steps for the purpose of securing its compliance with:

a) the licensing or recognition requirements; or

b) any obligation of the kind in question.

Article 242
Revoking a license or recognition of Credit Rating Agency

1. If it appears to the Authority that a credit rating agency which is licensed or recognised has contravened any provision of this Law or of any by-laws made under it or, in purported compliance with any such provision, has furnished the Authority with false, inaccurate or misleading information or has contravened any prohibition or requirement imposed under this Law the Authority may Direct in writing that:

a) the person must cease to be licensed or recognised; or

b) the person's licence or recognition must be suspended for a specified period or until the occurrence of a specified event or until specified conditions are complied with.

2. A suspension under this Article must not exceed a period of three months, however, the Authority may, if it considers necessary, extend the suspension for a further period not exceeding three months. The Authority specifies by regulation the cases when the suspension period is extended.

3. The Authority must, at the expiry of the suspension period specified under paragraph 3 of this Article, lift the suspension or revoke the licence, registration or recognition, as the Authority considers appropriate.

4. The Authority may revoke or suspend a licence or recognition without giving the person concerned an opportunity to make representations where:

a) the person goes into liquidation or bankruptcy;

b) the person carries out regulated activities outside the scope of the licence;

c) the person has an insolvency administrator or a similar administrator appointed on over or a substantial part of the property of the licensed or recognised person;

ç) the person ceases to carry out the regulated activity business for a period of more than thirty days unless it has obtained the approval of the Authority to do so;

d) the members of the management board/supervisory board or key employees of the person concerned have not, in the opinion of the Authority, performed their duties honestly and fairly;

dh) the person has contravened or failed to comply with any condition applicable in respect of the licence or recognition;

d) the person fails to comply with a Direction of the Authority;

ë) the person fails to provide the Authority with such information as it may require;

f) the person provides false or misleading information;

g) for any other reason, is no longer fit and proper person to conduct a licensed or recognised activity; or

gj) the person is in breach of any other provision under this Law.

5. In the case of a recognised foreign person the Authority may consult the relevant foreign regulatory authority before giving a Direction under this Article, unless it considers it essential in the interests of investors that the Direction should be given forthwith.

6. The Authority may give public notice of any decision taken under these provisions.

Chapter VI
OFFERS OF SECURITIES AND LISTED COMPANIES

PART I
GENERAL CONDITIONS FOR OFFER OF SECURITIES

Article 243

Offer of Securities

1. Securities issued by public offer, must then be listed on a regulated market unless exempted by Articles 244 and 245 of this Law.

2. Securities issued through the offer of securities, subject to the exemptions provided for in Articles 244 and 245 may be listed and admitted to trading on a voluntary basis on a regulated market. Listing and admission to trading of these securities, exempted by Articles 244 and 245 under this law, is accompanied by the publication of the full Prospectus, in

accordance with the requirements of this Law, with exception to points “a”; “d; “dh” and “e” of Article 245 under this Law.

3. No person must make an offer to subscribe or purchase securities in the Republic of Albania unless such offer is made through a full prospectus issued according to this Law and the regulations issued by the Authority for the purposes of solicitation of funds from the public, with exception to points “a”; “d”; “dh” and “e” of Article 244 and 245 under this Law.

4. In the case of the issue of debt securities in case of a prospectus or securities offering memorandum is required under this law, bondholders shall appoint a representative, who is responsible for representing their interests. Where it is not possible for bondholders shall appoint representatives, that representative shall be elected by the issuer. Representatives of bondholders may be investment firms and other companies designated by bondholders. Administrators or persons with close links with the issuer or have conflict of interest, shall not be elected as representatives of bondholders. Payment of the bondholders’ representative is borne by the issuer.

Article 244

Exemptions to the publication of the prospectus

1. The requirement to issue a full prospectus shall not apply to:

a) the offer of securities, addressed solely to eligible counterparties, professional and/or qualified investors;

b) the offer of securities addressed to fewer than 100 investors, other than the investors referred to in point “a” of this paragraph, calculated in total over a period of 12 months;

c) the offer of securities, when the unit value of the security is at least ALL 6 000 000, 50 000 euro or 50 000 USD;

ç) the offer of securities, which is only given to clients who purchase securities with a value of at least ALL 6 000 000, EUR 50 000 or USD 50 000;

d) shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase in the issued capital;

dh) shares issued for purpose of initial capital increase, when the shares are purchased by existing shareholders;

e) securities offered in connection with a takeover by means of an exchange offer, provided that a document is made available to the public containing information describing the transaction and its impact on the issuer;

ë) securities offered, allotted or to be allotted in connection with a merger or division, provided that a document is made available to the public, containing information describing the transaction and its impact on the issuer;

f) dividends paid out to existing shareholders in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer;

g) securities offered, allotted or to be allotted to existing or former management bodies or employees by their employer or by an affiliated undertaking provided that a document is made;

gj) non-equity securities issued in a continuous or repeated manner by a bank, where the total aggregated amount of the securities offered is less than ALL 8 billion per bank calculated over;

i. are not subordinated, convertible or exchangeable;

ii. do not give a right to subscribe for or acquire other types of securities and are not linked to a derivative instrument.

2.Without prejudice to paragraph 1 of this article and notwithstanding the provisions of Article 243 of this Law, the requirement to issue a full prospectus shall not apply to an offer of securities with a total amount of less than ALL 130 000, which shall be calculated over a period of 12 months.

Article 245

Exempt securities

1. The obligation to publish a full prospectus and other documents as required by the provisions of this law, is not applicable to:

a) securities issued by the Government of the Republic of Albania and the Bank of Albania;

b) shares issued during the establishment of a joint stock company with private offer;

c) shares issued with aim to increase the capital of the company, by using for that purpose the profits, reserves or retained earnings;

ç) units issued by collective investment undertakings, which have the obligation to publish a prospectus in accordance with the applicable Law "On Collective Investment Undertakings";

d) Non-equity securities issued by a Member State or by one of a Member State's regional or local authorities, by public international bodies, of which one or more Member States are

members, by the European Central Bank or by the central banks of the Member States;

dh) capital shares of the central banks of the Member States;

e) securities unconditionally and irrevocably guaranteed by a Member State of the European Union or by one of a Member State's regional or local authorities.

Article 246

Registration of the issuance of securities by the Authority

1. Any person who proposes to make a public offer of securities which are to be listed on the exchange must register the issue with the Authority.

2. A listed company must register with the Authority:

a) any new issue or offer for sale of securities to the public, whether such issues or offer for sale are by way of public offer or otherwise;

b rights' issue for subscription of shares to existing shareholders;

c) issue of shares in the form of remuneration of existing shareholders; and

ç) restructuring agreements, schemes of reconstruction, take over schemes, share option schemes and acquisition of assets by way of issues of securities.

3. Any registration of such offer of securities must be communicated to the Authority within a period of thirty calendar days unless otherwise communicated in writing by the Authority.

4. The management board/supervisory board of each listed company ensures that the company complies with the regulations and requirements of the stock exchange on which it is listed on a ongoing basis as long as the company continues to be listed on that exchange.

Article 247

Issuers based outside the territory of the Republic of Albania

1. Issuers with headquarters outside the Republic of Albania may offer securities in the Republic of Albania by issuing a prospectus which shall be prepared in accordance with the laws of the home country provided that:

a) the prospectus has been drawn up in accordance with the requirements of the home country and has been approved by the competent authority of the home country;

b) the information requirements that are set out by the home country are equivalent to the requirements for information prescribed in this law;

c) the competent authority of the home country has signed a cooperation agreement with the Authority on the exchange of information under the (International Organization of Securities Commissions) IOSCO agreement.

2. The issuer established outside the Republic of Albania may offer securities in the Republic of Albania by submitting a prospectus or offering memorandum drawn up in accordance with the requirements of this law, provided that:

a) The competent authority of the home country has signed an agreement with the Authority on the exchange of information under the IOSCO agreement (International Organization of Securities Commissions); or

b) the issue is made through an investment firm, which guarantees the authenticity of the information, provided in the prospectus or in the offering memorandum. In this case the investment firm is responsible and subject to the penalties provided for by this Law in case of violations committed by issuer.

3. The prospectus or offering memorandum in all cases is provided in the Albanian language.

4. The financial statements of the issuer established outside the Republic of Albania must be prepared in accordance with International Accounting Standards (IFRS). In relation to the provisions of the point “b” of paragraph 1 of this Article, the Authority shall approve regulations of what is considered an equivalent requirement under this Law.

PART II

PROSPECTUS

Article 248

Powers and Duties of the Authority

1. The Authority may by regulation prescribe further the form and content of the full prospectus whose principal features are shown in articles 249-281 of this law.

2. In the case of prospectus exemptions specified in article 244 of this Law, an offering memorandum in the form specified by Authority's regulation must be prepared.

3. The prospectus or any such other document prepared by a person making an offer regardless whether it is made to the public prior to a listing on an exchange, must comply with the regulations made by the Authority.

4. The securities offering memorandums must be registered with the Authority in accordance with the procedure prescribed by Authority's regulation

5. The Authority approves and registers every prospectus prepared by a person offering securities for purpose of receiving funds from the public, as well es every full prospectus required by this law.

6. The Authority shall verify that the full prospectus contains all the data listed in Article 249-281 of this Law is complete. The Authority shall verify neither the accuracy nor truthfulness of the information stated in the prospectus and it is not responsible for the accuracy or truthfulness of the information stated in the prospectus.

7. The Authority shall take a decision on the approval of the draft prospectus within 30 working days from the date of full documentation submission. This time period can be extended for another 30 days in the case of a new issuer who has not previously published a prospectus.

8. In the event that the Authority determines that the draft prospectus has not met the required standards as specified in the Articles 249-281 of this Law, it must:

a) notify the issuer within the time limit specified in this article;

b) specify the changes of the additional information that is required.

In such cases, the time limit set out in this article shall apply from the date on which the revised draft prospectus together with the required additional information are submitted to the Authority.

9. In cases where the issuer is unable or unwilling to make the required changes and provide additional information, the Authority has the right to refuse the approval of the prospectus and to terminate the review process. In these cases, the Authority communicates this decision to the issuer, giving reasons for the refusal.

10. If, still no decision is made within the time period specified in this article, this shall not imply a tacit approval of the prospectus.

Article 249

Prospectus Content

1. The prospectus must comprise:

a) the registration document, which includes information on the issuer;
b) the security note which includes information on the security/securities to be offered to the public or admitted on a regulated market;
c) summary.

2. The prospectus must include the information required in Articles 250 – 281 of this Law.
3. The prospectus may be presented as a single document or it may be composed of several separate documents.
4. Any material event, material error or inaccuracy relating to the information contained in the prospectus, which may affect the evaluation of the securities and which occurs between the time the prospectus has been approved And the offering period termination date, and between the offering period termination date and the time when the securities are admitted to trading in the regulated market, the issuer shall then submit a supplement which shall be attached to the prospectus without delay. The Authority may issue further regulations for including provisions on the form and the content of the documents.
5. The Authority may issue further provisions by Regulation relating to the form and the content of the documents provided for in paragraph 1 of this Article.

Article 250

Responsibility for the Information

1. All persons responsible for the information given in the registration document and, as the case may be, for certain parts of it, shall be identified in the document, including the relevant parts for which they are responsible. In the case of natural persons/individuals, including members of the issuer's administrative, governmental or supervisory bodies, the name and function of the person shall be specified; in the case of legal persons, the name and registered office shall be disclosed.
2. A declaration by those responsible for the registration document that having taken all reasonable care to ensure that such is the case, the information contained in the registration document is to

the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

3. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.

Article 251
Statutory Auditors

1. The names and addresses of the issuer's auditors for the period covered by the historical annual financial statements shall be determined in the registration document.
2. If auditors have resigned, been removed or not been re-appointed during the period covered by the historical annual financial statements' information, indicate details if material.

Article 252
Risk factors

1. The registration document contains a prominent disclosure of a description of the material risks factors that are specific to the issuer, in a limited number of categories, in a part headed 'Risk Factors'.
2. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account their impact on the issuer and the probability of their occurrence must be mentioned first. The risks shall be corroborated by the content of the registration document.

Article 253
Information about the Issuer

Information about the issuer shall include the following:

1. The history and development of the issuer.
2. The legal and commercial name of the issuer.
3. The place of registration of the issuer, and its registration number and Legal Entity Identifier.
4. The date of incorporation and the length of life of the issuer, unless established for an indefinite period.

5. The head-office and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address, telephone number of its registered office (or principal place of business if different from its registered office) and website with a disclaimer that the information on the website does not form part of the prospectus.

Article 254
Business Overview

The business overview should be divided into the categories shown in Articles 255 - 272 under this Law.

Article 255
Principal activities

"Principal activities" category includes:

1. A description of key factors relating to the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical annual financial statements.

2. An indication of any significant new products and/or services that have been introduced lately and, to the extent the development of new products or services has been publicly disclosed, indicating the status of their development.

Article 256
Principal markets

1. A description of the principal markets in which the issuer competes, including a breakdown of total revenues by operating segment category of activity and geographic market for each financial year for the period covered by the historical annual financial statements' information. The important events in the development of the issuer's business activity.
2. The source of any statements made by the issuer regarding its competitive position in the market.

Article 257

Strategy and Objectives

1. A description of the issuer's business strategy and objectives (both financial and non-financial (if any)). This description shall take into account the issuer's future challenges and prospects.
2. If material to the issuer's business or profitability, summary information regarding the extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.
3. The source of any statements made by the issuer regarding its competitive position in the market.

Article 258
Investments

1. A description, (including the amount) of the issuer's principal material investments for each financial year for the period covered by the historical financial information up to the date of the registration document.
2. A description of the issuer's principal any material investments of the issuer that are in progress or for which firm commitments have already been made, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).
3. Information relating to the undertaking's joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.
4. A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.

Article 259
Organizational Structure

1. If the issuer is part of a group, a brief description of the group and the issuer's position within the group should be included in the organizational structure. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.
2. A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held should be included in the organizational structure.

Article 260
Tangible fixed assets

1. Information regarding material tangible fixed assets either existing or planned, including leased properties, and any major encumbrances thereon.
2. A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.

Article 261
Operating and financial review

1. To the extent not covered elsewhere in the registration document provide a description of the issuer's financial condition, changes in financial condition and results of operations for each year and interim period, for which historical financial information is required, including the causes of material changes from year to year in the financial information to the extent necessary for an understanding of the issuer's business as a whole, a fair review of the development and performance of the issuer's business activity and of its position. The review shall be a balanced and comprehensive analysis of the development and performance of the issuer's business activity and of its position, consistent with the size and complexity of the business activity.
2. To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, the review shall also give an indication of:
   a) the issuer's likely future development;
   b) activities in the field of research and development.

Article 262
Business activity results

1. Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected.
2. Where the historical annual financial statements disclose material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes.
3. Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially may affect directly or indirectly, the issuer's business activity.

Article 263
Capital resources

'Capital resources' section includes the following:

1. Information concerning the issuer's capital resources (both short and long term).
2. An explanation of the sources and amounts of and a narrative description of the issuer's cash flows.
3. Information on the borrowing requirements and funding structure of the issuer including sources of funding.
4. Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect directly or indirectly the issuer's business activities.
5. Information concerning sources of funding for material investments under paragraph 2 of Article 258 of this Law.

Article 264
Research and development, patents and licences and regulatory environment

A description of the regulatory environment that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's business activities. Where material, provide a description of the issuer's research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on issuer-sponsored research and development activities.

Article 265
Trend information

1. A description of the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document and any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document.
2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.

Article 266
Profit forecasts or estimates

1. Where an issuer has published a profit forecast or a profit estimate (which is still outstanding and valid), that forecast or estimate shall be included in the registration document.
2. If a profit forecast or profit estimate has been published and is still outstanding, but is no longer valid, then provide a statement to that effect and an explanation of why such forecast or estimate is no longer valid.
3. Where an issuer chooses to include a new profit forecast or a new profit estimate, or where the issuer includes a previously published profit forecast, or a previously published profit estimate the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.
4. The forecast or estimate shall comply with the following principles:

a) there must be a clear distinction between assumptions about factors which the members of the management bodies can influence and assumptions about factors which are exclusively outside their influence;
b) the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast; and
c) in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.

5. There must be a report prepared and approved by the management board/supervisory board stating that the forecast or estimate has been properly compiled on the basis stated, and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting standards of the issuer.
6. The prospectus shall include a statement that the profit forecast or estimate has been compiled on the basis stated and prepared on a basis that is:

a) comparable with the historical annual financial statements' information;
b) is consistent with the issuer's accounting policies.

Article 267
Management Details

1. As regards the management of the issuer, names, business addresses and functions holding shall be indicated in the issuer and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer for the following persons :

a) Members of the management or supervisory bodies;

b) Shareholders

c) Founders, if the issuer has been established for fewer than five years; and

ç) Any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business activity.

Article 268
Remuneration and Benefits

1. 'Remuneration and Benefits' section includes the amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries.
2. That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country and is not otherwise publicly disclosed by the issuer.
3. The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.

Article 269
Management Board/Supervisory Board Practices

1. In relation to the issuer's last completed financial year, and unless otherwise specified, with respect to members of the management board/supervisory board and senior managers, provide information on the date of expiration of the current term of office, if applicable, and also the period during which the person has served in that office.
2. Provide information about members of the management board/supervisory board or senior manager's contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment.
3. Provide information about the issuer's audit committee and remuneration committee, including the names of committee members is provided and also a summary of the terms of reference under which the committee operates.
4. Provide a statement as to whether or not the issuer complies with the company's governance regime(s) applicable to the issuer. In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.
5. Provide a statement as to new potential material impacts on the corporate governance, including future changes in the board and committee's composition (in so far as this has been already decided by the board and/or general assembly)

Article 270
Employees

1. Provide information either on the number of employees at the end of the period or the average for each financial year for the period covered by the historical annual financial statements' information up to the date of the registration document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location.
2. If the issuer employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.
3. Shareholdings and stock options for the management board/supervisory board members, executives and employees shall provide information as to their share ownership and any options over such shares of the issuer at the most recent practicable date.
4. Description of arrangements, if any, for involving the management board/supervisory board members, senior managers or employees in the capital of the issuer.

Article 271
Major Shareholders

1. In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under law governing the issuer, together with the amount of each such person's interest, as at the date of the registration document or, if there are no such persons, an appropriate negative statement.
2. A statement as to whether the issuer's major shareholders have different voting rights or not as the case may be.
3. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
4. A description of any agreement known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

Article 272
Related Party transactions

1. Details of these where the issuer has entered into related party transactions during the period covered by the historical annual financial statements' information and up to the date of the registration document, must be disclosed in accordance with the respective standard.
2. If such standards do not apply to the issuer the following information must be disclosed:

a) The nature and extent of any transactions which are either as a single transaction or in their entirety material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding; and

b) The amount or the percentage to which related party transactions form part of the turnover of the issuer.

Article 273
Financial Data

1. The prospectus must be accompanied by a registration document which will cover:

a) Financial Information concerning the issuers assets and liabilities, financial position and profits and losses;

b) Historical financial information, annual financial statements and audited historical financial information statements covering the latest 3 three financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year);

c) Change of accounting reference date if the issuer has changed this date during the period for which historical annual financial information statements is required.

ç) Historical annual information statements must cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.

Article 274
Financial Statements Accounting Standards

The financial statements must be prepared according to International Financial Reporting Standards (IFRS), if applicable.

Article 275
Interim and other financial information

1. If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document.
2. If the quarterly or half yearly financial information has been audited or reviewed the audit or review report must also be included. If these are unaudited or have not been reviewed, then this must be stated.
3. If the registration document is dated more than nine months after the end date of the last audited financial statements year, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year.
4. Interim financial information should be prepared in accordance with the IFRS requirements/national standards, if applicable.

Article 276
Auditing of annual financial statements

1. The historical annual financial statements must be audited by the statutory auditor.
2. In case the last year's financial statements have not been audited yet due to the unfinished audit process, it should be specified that these financial statements are not audited and that the direction of the company assumes the responsibility to present them truthfully.

Article 277
Information

1. Provide a description of the issuer's policy on dividend distributions and any restrictions thereon shall, and information on the amount of the dividend per share for each financial year for the period covered by the historical annual financial statements adjusted, where the number of shares in the issuer has changed, to make it comparable.
2. Provide Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have or have had in the recent past significant effects on the issuer and/or group's financial position or profitability or provide an appropriate negative statement.
3. Provide a description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published or provide an appropriate negative statement.

Article 278
Additional information relating to share capital

1. The following information as of the date of the most recent balance sheet shall be included in the annual financial statements:
2. The amount of issued capital, and for each class of share capital:
a) The total number of shares of the issuer;
b) The number of shares issued and fully paid and issued but not fully paid;
c) The par value per share, and
ç) A reconciliation of the number of shares outstanding at the beginning and end of the year.
3. If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical annual financial statements' information, state that fact.
4. If there are shares not representing capital, state the number and main characteristics of such shares.
5. The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer.
6. The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.
7. Information about and terms of any acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital.
8. Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.
9. A history of share capital, highlighting information about any changes, for the period covered by the historical annual financial statement's information.

Article 279
Foundation Act and Statute

1. The register and the entry number therein, if applicable, and a brief description of the issuer's objects and purposes and where they can be found in the up-to-date foundation act and statute of the company.
2. A summary of any provisions of the statute or issuer's articles of association, with respect to the members of the management and supervisory bodies, which materially deviate from the applicable Law "On Entrepreneurs and Companies".

3. Where there is more than one class of shares, a description of the rights, preferences and restrictions attaching to each class of existing shares.
4. A description of what action is necessary to change the rights of holders of the shares, indicating where the conditions are more significant than is required by law, if applicable.
5. A description of the conditions governing the manner in which annual general meetings and extraordinary general assembly of shareholders are called including the conditions of admission.
6. A brief description of any provision of the statute or issuer's articles of association that would have an effect of delaying, deferring or preventing a change in control of the issuer.
7. An indication of any provision, if any in the statute or issuers' articles of association governing the ownership threshold above which shareholder ownership must be disclosed.
8. A description of the conditions imposed by the foundation act, statute and articles of association governing changes in the capital, where such conditions are more stringent than is required by law.

Article 280
Material Contracts

A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding publication of the registration document. A summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which as at the date of the registration document is material to the group.

Article 281
Documents Available

1. A statement shall be made available for the life of the registration document the following documents (or copies thereof), where applicable, can be inspected:

a) The up-to-date statute and foundation act of the issuer;
b) All reports, points and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
c) The historical financial information of the issuer or, in the case of a group, the historical financial information for the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document. An indication of the website on which where the documents on display may be inspected, by physical or electronic means.

Article 282
Stop order

1. The Authority may direct the issuer not to allot, issue, offer or make an invitation to subscribe for or purchase or sell further securities relating to offers, where in the opinion of the Authority:

a) a prospectus or such other document does not comply with the requirements prescribed by the Authority;

b) a prospectus or such other document contains a statement or information that is false or misleading or constitutes a material omission; or

c) an issuer has contravened any provision of this Law or regulations made under it.

2. The Authority may make an interim order without giving an opportunity to be heard if the Authority considers that any delay in making such an order under paragraph 1 of this Article would be prejudicial to public interest.

3. Subject to paragraphs 2 and 4 of this Article, the Authority must not make an order under paragraph 1, unless the Authority has given a reasonable opportunity to be heard to any affected person as to whether such an order should be made.

4. An interim order under paragraph 2 of this Article must, unless previously revoked have effect until the end of 2 working days after the day on which it is made or the conclusion of the hearing in paragraph 2 of this Article whichever date is later.

5. An interim order made under paragraph 2 of this Article may be revoked by the Authority by way of a direction if the Authority considers that the circumstances that resulted in the making of the order no longer exist.

6. Where applications to subscribe for or purchase securities to which the prospectus or any such other document have been made prior to the order made under paragraph 1:

a) where the securities have not been issued to the applicants, the applications must be deemed to have been withdrawn and cancelled and the issuer or such other person who receives the monies, must forthwith repay without interest all monies received from the applicants and if the money is not repaid within fourteen days of the stop order, the issuer must be liable to repay the monies with interest as may be specified by the Authority from the expiration of that period; or

b) where the securities have been issued to the applicants, the issue of securities must be deemed to be void and the issuer or any other person must:

i) forthwith repay without interest all monies received from the applicants and if such money is not repaid within fourteen days of the date of service of the stop order the issuer must be liable to repay such monies with interest at the rate as may be specified by the Authority from the expiration of that period; and

ii) take necessary steps to effect the order.

7. Notwithstanding paragraph 6 of this Article, the Authority must not serve a stop order if any of the securities to which the prospectus have been listed on an exchange and trading in them has commenced.

PART III

ADMISSION TO LISTING AND TRADING ON A REGULATED MARKET

Article 283
Securities traded on the regulated market

1. Securities may be admitted to the regular market if the conditions for admission relating to securities have been met.
2. Securities issued by the Government of the Republic of Albania are admitted to trading on a regulated market, on a market recognized by the Authority or outside the regulated market without any restrictions.

Article 284
Conditions for admission to trading in the regulated market

1. Only those securities that can be traded in a fair, orderly and efficient manner can be admitted to the regulated market.
2. Securities being admitted to trading in the regulated market shall satisfy the following criteria:

a) securities for which an application for admission is filed must be issued in accordance with the rules relating to them and they must be freely negotiable without restriction;
b) voting rights must be equal for all equity securities issued by an issuer;
c) the legal position of the issuer of securities is in accordance with regulations of the Republic of Albania or the state of the issuer's registered office in accordance with requirements of the Law;
ç) the issuer or the offertory of securities has complied with the obligation of drawing up a prospectus in accordance with Part II of this Chapter, with the exception the securities issued by the Republic of Albania.

Article 285
Characteristics of securities traded on a regulated market

1. Securities can be admitted to trading in the regular market only if they are issued in dematerialized form.

2. Only those derivatives may be admitted to trading in the regular market created in a manner that enables correct pricing and the existence of effective settlement.
3. The Authority may further provide by regulation the characteristics of securities that are taken into account when assessing whether the instruments meet the conditions for admission to trading on the regular market.
4. Units in collective investments undertakings, in addition to the conditions laid down in this Article must meet the conditions laid down in the applicable Law "On Collective Investment Undertakings".

Article 286

Approval for listing and trading

1. Trading and listing in securities in the regulated market requires approval from the stock exchange/market operator.
2. Only the issuer or a person authorized by the issuer may submit an application for admission to trading on a regulated market.
3. Securities admitted to trading in the regular market must meet the conditions provided in Article 284 under this Law.

Article 287

Refusal of admission to listing and trading

1. The stock exchange/market operator will refuse the request for admission to trading of a security in the regular market if:

a) conditions laid down in Articles 283 and 284 under this Law are not met;
b) according to available data it considers that admission would adversely affect the investor's interests.

Article 288

Decision-making on admission to trading in the regular market

1. A decision on admission of securities to trading in the regulated market is passed by the management board/supervisory board of the stock exchange.
2. The stock exchange/market operator shall lay down in its rules the conditions to be met by application for admission to be considered lawful.

3. The decision referred to in paragraph 1 is final and the applicant may file a complaint with the Authority against it.
4. The stock exchange/market operator shall inform the Authority of every application received for admission of securities to trading, as well as of its decision on admission or refusal of the application for admission to trading.
5. The stock exchange/market operator shall regularly publish any data on admission of securities to trading in the regulated market managed by it on its website.

Article 289
Admission of securities without the consent of the issuer

1. In derogation from the provisions of paragraph 2 of Article 286 under this Law, transferable securities may be admitted to trading on the regular market even without the consent of the issuer if they have already been admitted to one of the following regulated markets:

a) another regulated market of the Republic of Albania,
b) the regulated market of another country or the stock exchange/market operator of a third country if in relation to the other country's provisions:

i) the application for admission of securities to trading are comparable to those laid down in this Law and by-laws passed under this Law;
ii) the prospectus in connection with the issue or a prospectus in connection with the admission of securities to trading are comparable to those laid down in this Law and by-laws issued under this Law;
iii) transparency criteria in the regulated foreign market are similar to those in the regulated domestic market;
iv) an exchange of information has been provided for the purpose of trading with the competent authorities of that country;
v) Clearing and settlement process of the securities is ensured.

2. Where the securities are admitted to trading on the regulated market, in accordance with this Article, the stock exchange shall inform the issuer that securities are traded on the regulated market operated by it.
3. When the securities are admitted to trading on the regulated market, in accordance with this Article, the stock exchange/market operator shall inform the Authority and information about the admission shall be made public without delay.
4. When, in accordance with paragraph 1 of this Article, securities are admitted to trading on the regulated market without the issuer's consent, the issuer must by consenting to continued trading agree to disclose the prescribed information to the regulated market on which its securities have been admitted without its consent ;or request that trading is ceased.

Article 290
The conditions that must be fulfilled by the issuers of the securities

1. The legal position of the issuer must be in conformity with the regulations of the country in which its registered office is situated, in particular as regards its formation and its operation.
2. The foreseeable market capitalization of the shares for which the application for admission to official listing was submitted in accordance with stock exchange/market operator rules and any special conditions that may limit ownership.
3. The issuer must have published or filed its annual financial reports in conformity with the legislation of the country in which its registered office is situated for the three financial years which preceded the submission of application for the admission to trading on the regulated market.
4. By way of derogation, a stock exchange/market operator is authorized to approve the admission of shares of the issuers that fail to comply with the conditions of this Article in so far as the stock exchange/market operator can show that the investors have the data necessary for the assessment of the issuer and of the shares for which admission to trading on the official market is sought and in so far as it is in the interests of the issuer or in the interests of the investor.

Article 291
Conditions relating to the shares admitted to trading on the regulated market

1. In so far as the admission to trading on the regulated market is preceded by a public issue, the first admission to trading on the regulated market may be made only after the end of the period of subscription and payment in a public issue.
2. Prior to the admission of shares to trading on the regulated market, a sufficient number of shares must be distributed to the public that will be prescribed in regulation of the prospectus.
3. If the shares are distributed to the public through a regulated market, the admission to trading on the regulated market may also be approved without complying with the conditions referred to this Article, only in so far as a stock exchange/market operator can show that a sufficient number of shares shall be distributed through the regulated market within a short period of time.
4. Where the application for admission to trading on the regulated market is submitted for a further block of shares of the same class, the assessment referred to in this Article, with regard to a sufficient number of shares distributed to the public, may be made by a stock exchange/market operator in relation to all the shares issued, and not only in relation to the second block of shares.

5. A stock exchange/market operator may approve an application for admission to trading on the regulated market of the shares of those issuers the shares of which have already been admitted to trading on an regulated market in a third country, in so far as a sufficient number of shares has been distributed to the public in the third country.
6. Within the meaning of this Law, a sufficient number of shares is deemed to have been distributed to the public if:

a) at least 25% of the class of shares for which admission is requested has been distributed public;
b) in view of the large number of shares of the same class and the percentage of their distribution to the public, the market will be able to function properly even if the percentage of shares in the hands of the public is lower.

7. A stock exchange/market operator shall prescribe by its regulation which shares are not deemed the shares distributed to the public.
8. The application for admission to official listing must be made in relation to all the shares of the same class that have already been issued.
9. By way of derogation from this Article, an application for admission does not need to cover the shares that:

a) belong to blocks serving to maintain control of the company, or
b) are not negotiable, under contract, for a certain period of time,

Provided that that the public is informed of the situations from paragraphs 1 and 2 of this and that there is no danger of such situations prejudicing the interests of the holder of the shares for which an application for admission was submitted.

Article 292
Specific conditions for the admission of debt securities

1. The form and content of debt securities for which an application for admission to trading on the official market is submitted must be in conformity with the regulations to which they are subject, and the securities must be freely negotiable.
2. By way of derogation from paragraph 1 of this Article, a stock exchange may treat debt securities which are not fully paid up as freely negotiable in so far as mechanisms are in place to ensure that the negotiability of such debt securities is not restricted and in so far as the trading is made transparent and proper by providing the public with all appropriate data.
3. In so far as the admission to trading on the official market is preceded by a public issue, the first admission to trading on the official market may be made only after the end of the period of subscription and payment in a public issue.
4. The provisions of this Article shall not be applied in the case of tap issues of debt securities for which the closing date for subscription is not fixed.
5. An application for admission to official listing must be made in relation to all debt securities ranking equally.

Article 293
Debt securities that are convertible or have other rights attached

1. Convertible or exchangeable debt securities and debt securities with warrants may be admitted to trading on the official market only if:
a) their related shares have already been admitted to trading on the same regulated market; or
b) their related shares have already been admitted to trading on another regulated market; or
c) admitted to trading simultaneously with their related shares.
2. A stock exchange may approve the admission to trading on the official market of debt securities referred to in this Article, only when it can establish that their holders have at their disposal all the data necessary for the assessment of the value of the shares to which these debt securities are related.

Article 294
Admission to trading on the regulated market of debt securities which are issued by a State, its regional or local authorities or a public international body

1. Where the admission to trading on the official market is preceded by a public issue, the first admission to trading on the official market may be made only after the end of the period of subscription and payment in a public issue.
2. Debt securities which are issued by another country or its regional or local bodies or public international bodies must afford sufficient safeguard for the protection of the investor.
3. The provisions of paragraph 2 of this Article do not apply to subscriptions for which the close date of the period of subscription of those securities is not fixed.
4. An application for admission to trading on the official market must be made in relation to all the securities ranking equally.

Article 295
Obligations of the issuer provide information

1. An issuer whose securities are admitted to trading on the regulated market has the obligation to provide a stock exchange with all information which the stock exchange considers appropriate for the protection of the investor and ensuring the smooth operation of the market.
2. The stock exchange shall publish such information through its public information system

3. Where the protection of the investor and the effective operation of the market requires, a stock exchange may require that the issuer makes public such information, whose form and time limits for the publishing of information are determined by the Authority by a specific regulation.
4. Should the issuer fail to make public information required by this Article, the stock exchange shall make public that information, upon having received a statement from the issuer.
5. A stock exchange shall make public the fact that an issuer fails to fulfil its obligations which result from the admission to a regulated market pursuant to the provisions of this Law.

Article 296

Obligations of a stock exchange to monitor compliance with its rules

1. A stock exchange shall check on a regular basis whether the securities admitted to trading on the regulated market which it operates comply with the conditions for the admission set out in this Law, By-laws, under this Law and its own regulation.
2. A stock exchange must approve and implement effective procedures for checking whether the issuers of securities, that are admitted to trading on the regulated market which it operates, comply with the provisions set out in this Law and with the By-laws.
3. A stock exchange shall approve procedures and arrangements to facilitate access by its members and the general public to the data and information that are made public.

Article 297

Suspension and removal of securities from trading

1. A stock exchange has the obligation to suspend the trading or remove a security from trading without delay on the basis of a decision of the Authority.
2. A stock exchange has the obligation to render a decision to suspend the trading or remove a security from trading when the protection of the investor requires this as a result of the discovery that the issuer or another party has provided inadequate or misleading information that has created or is likely to create a false market.
3. A stock exchange shall not suspend the trading or remove a security from trading if such a suspension or removal would be likely to cause significant damage to the interests of the investor or to the proper functioning of the market unless the circumstances are those described in paragraph 2 of this Article.
4. A stock exchange shall inform the Authority and the public without delay of its decision referred to in this Article.

Article 298
A decision by an issuer withdraw securities from listing on a regulated market

1. The general assembly of an issuer may make a decision to withdraw the securities from listing on a regulated market.
2. The decision referred to in this Article is made by votes that represent at least three quarters of the issued capital represented at the general assembly when reaching the decision.
3. The publishing of a withdrawal from listing on a regulated market, being an item on the general assembly's agenda, is proper only when it also includes an irrevocable statement of the company by which the company commits to buy out the shares from all the shareholders who vote against such a decision at a fair price.
4. The decision of a withdrawal from listing on a regulated market must state the firm, the head office, the data regarding the security, and other data necessary for the implementation of the decision.
5. Each shareholder of the company who voted against the decision of a withdrawal from listing on a regulated market may require from the company that the company takes over his shares at a fair price. The shareholder who did not participate in the respective General Assembly for the reason of the General Assembly not having been convened in a proper and timely manner also has the same right.
6. The decision of a withdrawal of securities from listing on a regulated market may not be disputed on the grounds of the financial compensation for the shares not being fair. The claim of the shareholders to sue expires by limitation within two months from the day of the decision of a withdrawal from listing on a regulated market being passed by the general assembly.
7. The average price of the shares realized on a regulated market, calculated as a weighted average of all prices realized on a regulated market within the course of three months preceding the rendering of the decision of a withdrawal from a regulated market shall be considered a fair price referred to in this Article.

Article 299
Purchase, sale or transfer of securities

1. A person holding securities in a company listed on an exchange must not buy, sell, gift or otherwise deal in such securities outside the trading floor or system without the prior approval of the Authority except in compliance with the trading procedure adopted by the exchange;

2. Notwithstanding anything to the contrary in paragraph 1 of this Article a person may gift any such securities to a person closely associated with them otherwise than in compliance with exchange trading procedures, if they give prior notice to the Authority and the exchange, of the particulars relating to the proposed gift.

PART IV
DISCLOSURE OBLIGATIONS

Article 300
Initial Reporting

1. A listed company must:

a) submit reports to the Authority and to the public periodically but not less frequently than semi-annually;

b) submit information to the Authority and to the public regarding significant developments that may reasonably be expected to have a significant effect on the price of the securities market no later than the close of the second business day following such development, or sooner to protect investors or the market.

2. Every issuer of a security listed for trading on an exchange must also file with the exchange a copy of any report filed with the Authority under the requirements of this Article.

Article 301
Financial reporting requirements

1. The Authority may by regulation establish requirements and procedures for the content and form of financial reports for the reports of listed companies.
2. The Authority may adopt and require international standards for the auditing of the financial reports of the reports of listed companies.
3. All reports, including financial statements, required to be filed with the Authority must be in the form, contain such information and be filed at such times as the Authority prescribes, and must be in addition to any periodic or current reports or financial statements otherwise required to be filed under this Law.

Article 302
Annual Financial reporting requirements

1. Every listed company must disclose in a timely manner to the public an annual report which must include its financial statements, the auditor's report and the administrators' report.
2. The annual report required in paragraph 1 must contain all material information relating to the financial condition and operating performance of the company in the period to which it relates as well as its future development and prospects including but not limited to:

a) the financial and operating results of the company;
b) company objectives;
c) major share ownership and a description of voting rights;
ç) remuneration policy for members of the management board/supervisory board and executives and information about members of board, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board;
d) related party transactions;
dh) foreseeable risk factors;
e) issues regarding employees and other stakeholders; and
ë) governance structures and policies, in particular, the content of any corporate governance code or policy and the policy and the process by which it is implemented.

3. The company must ensure that its annual financial statements give a true and fair view of its financial position as at the end of its financial year.

Article 303
Disclosure of price sensitive information

1. Except as provided in paragraph 4 of this Article, a listed company must disclose to the public immediately any price sensitive information relating to the company or its subsidiaries that has come to the company's knowledge that would be material to an investor's investment decision, including that:

a) is necessary to enable the public to appraise the position of the company and its subsidiaries;
b) is necessary to avoid the creation or continuation of a false market in securities of the company namely a market which is based on incomplete or inaccurate information; or;
c) might reasonably be expected materially to affect market activity in and the price of its securities.

2. A listed company must ensure that when disclosing information pursuant to paragraph 1 (a) to (c) that the means it uses for disseminating information can be reasonably expected

to provide for equal, timely and effective access to such information by the holders of the securities of the company and investors.

3. A listed company meets the requirements of paragraphs 1 and 2 when information that affects the market or a sector of the market generally is made public in a manner that would be likely to bring it to the attention of investors who commonly invest in securities of a kind whose price or value might be affected by the information.
4. A listed company may, under its own responsibility, and with the consent of the Authority, delay the public disclosure of price sensitive information such as not to prejudice its legitimate interests for a period to be determined by the Authority in writing provided that:

a) such omission would not be likely to mislead public investors;
b) any person receiving the information owes the company a duty of confidentially, regardless of whether such duty is based on any written act, statute or contract; and
c) the company is able to ensure the confidentially of that information.

5. In the event that a company is also traded or listed on a foreign exchange, the company must ensure that where information is released to those markets the same information is released in the Republic of Albania simultaneously or as soon as practicable.

Article 304
Required disclosure following unusual trading price or volume

1. A listed company must respond promptly or within 24 hours upon being informed by the Authority or an exchange that there are unusual movements in the price or volume of its traded securities by disclosing to the public:

a) details of any matter or development of which it is aware that is or may be relevant to the unusual movements, or
b) a statement of the fact if it is not aware of any such matter or development.

PART V
POWERS OF THE AUTHORITY WITH REGARD TO LISTED COMPANIES

Article 305
Powers of the Authority

1. Where it appears to the Authority that:

a) there are circumstances suggesting from the disclosures made to the public that the business of a listed company has been conducted:
i) for a fraudulent or unlawful purpose;

ii) in a manner that adversely affects the affairs of the company; or
iii) in a manner prejudicial to public interest;
b) there are circumstances suggesting that a company was listed for a fraudulent or unlawful purpose;
c) there are circumstances suggesting that the persons concerned with the listing of a company or the management of its affairs in relation to the listing or management of its affairs have been guilty of fraud, wrongdoing or other misconduct towards it; or

ç) there are circumstances suggesting that the members of management board/supervisory board or senior managers of a listed company have intentionally suppressed information with respect to the affairs of the company that must be provided under this Law or by-laws made under it or as may reasonably expected to be released to the public,
the Authority may issue Directions to the members of the board or senior managers of the listed company or to the company itself requiring the production of documents, electronic records or other information specified in the Directions at a specified time and place.

2. The Authority may delegate its authority under paragraph 1 of this Article to permit a person appointed by it to require the submission of documents, electronic records or any other information for the purposes of paragraph 1 of this Article.
3. The Authority or a person appointed by it may require production of documents and electronic records from a listed company and from any person who appears to be in possession of them and:
a) where such documents or electronic records are produced to require the public listed company:
i) to take copies of them or extracts from them; and
ii) to require that person or any other person who is a present or past officer of the listed company or was at any time employed by the listed company to provide an explanation of any of them;
b) where the records and documents and electronic records are not produced, the person required to produce them to provide an explanation of any of them;
c) where the documents and electronic records are not produced, the person required to produce them must disclose their location to the best of their knowledge and belief.

Article 306
Power of the Authority to issue directions to listed companies

1. Where it appears to the Authority that a listed company has contravened or failed to comply with any provision of this Law, regulations or Directions, or in purported compliance with such provisions of this Law, regulations or Directions, has furnished the Authority with information that is false, inaccurate or misleading, the Authority may issue in the public interest a Direction to the listed company:

a) to cease and desist from the contravention;
b) to do or refrain from doing any matter as specified in the Direction; or
c) impose sanctions
ç) to exercise any of its other powers under this Law or by-laws made under it.

PART VI

AUDITORS OF LISTED COMPANIES

Article 307
Duties of listed company auditors

1. If an auditor in the ordinary course of the performance of his duties as an auditor of a listed company is of the professional opinion that there has been a breach or non-compliance with any requirement or provision of this Law or regulations made under it or a breach of any of the regulations of a licensed exchange or any matter which may adversely affect to a material extent the financial position of the listed company, the auditor must immediately report such matter or non-compliance to the matter to the management board/supervisory board of the listed company.
2. If no action is taken under the paragraph 1 of this Article by the management board/supervisory board to rectify the breach or non-compliance within one week, the auditor must submit a written report on the matter immediately thereupon:

a) in the case of non-compliance with any requirement of this Act, regulations or Directions issued under it, to the Authority;
b) in the case of non-compliance with the rules of a market institution to the Authority and the market institution; or
c) in the event an auditor becomes aware of factual or intended conduct of the company which the auditor has reason to believe would constitute an imminent breach of the Law or regulation or of a fraudulent act which may cause substantial harm to the financial position of the listed company, to the Authority and to the market institution.

3. No auditor shall be liable to be sued in any court for any report submitted by the auditor in good faith and in the intended performance of any duty imposed on the auditor under this Article.
4. The Authority may at any time during or after an audit, require an auditor of a listed company to:

a) submit such additional information in relation to the audit as the Authority may specify;
b) enlarge or extend the scope of the audit of the business activities of the listed company in such manner or to such extent as the Authority may specify;
c) carry out any specific examination or establish any procedure in any particular case; or

ç) submit a report or interim report on any matter referred to in points “a” to “c”. The Authority may specify the time within which such requirements must be complied with by the auditor.

5. The auditor must comply with any requirement of the Authority under paragraph 3 of this Article and the listed company must remunerate the auditor at the rates specified by the Authority in respect of the discharge by him of all additional duties under this part.
6. The listed company must provide such information and access to such information as the auditor must require in respect of the discharge by him of all of the additional duties under this article.

CHAPTER VII
ENFORCEMENT

PART I
GENERAL PROVISIONS

Article 308
Power to require information

1. The Authority may, by notice in writing given to a licensed, registered or recognised person require that person:

a) to provide specific information or information of a relevant field; or
b) to produce specified documents or documents of a relevant field.

2. The information or documents must be provided or produced:

a) before the end of such reasonable period as may be specified; and
b) at such place.

3. This Article applies only to information and documents reasonably required in connection with the exercise by the Authority of functions conferred on it by or under this Law.
4. The Authority may require any information provided under this section to be provided in such form as it may reasonably require.
5. The Authority may require any information provided, whether in a document or otherwise, to be verified or authenticated in such manner as it may reasonably require.
6. The powers conferred by paragraphs 1 and 3 of this Article may also be exercised to impose requirements on a person who is connected with a licensed, registered or recognised person.

Article 309
Power to call for expert report

1. The Authority may, by notice in writing given to a licensed, registered or recognised person in accordance with this Law require him to provide the Authority an expert report on any matter about which the Authority has required or could require the provision of information or production of documents.
2. The Authority may require the expert report to be in such form as may be specified in the notice.
3. The person appointed to make an expert report required by paragraph 1 of this Article must be a person:

a) nominated or recognised by the Authority; and
b) appearing to the Authority to have the skills necessary to make a report on the matter concerned.

4. It is the duty of the licensed, registered or recognised person to fully cooperate with the person preparing such an expert report.
5. The cost of the expert report is borne by the investment firm or other responsible entity that is the subject of the report.

PART II
ADMINISTRATIVE INVESTIGATIONS

Article 310
Appointment of Administrative Investigators

1. If it appears to the Authority that there is good reason for doing so or the Authority has reason to suspect the possible commission of a criminal offence, the Authority may appoint one or more experts to conduct an investigation on its behalf into:

a) the nature conduct or state of any business activity of a licensed, registered or recognised person whether comprising of regulated activities or not;
b) a particular aspect of that business; or
c) the ownership or control of a licensed, registered or recognised person.

2. The power conferred by this part may be exercised in relation to a former licensed, registered or recognised person in relation to:

a) any business whether comprising of regulated activities or not carried on at any time when he was a licensed, registered or recognised person; or
b) the ownership or control of a former licensed, registered or recognised person at any time when he was a licensed, registered or recognised person.

3. If as a result of the investigation it is established that a criminal offence has been committed the Authority will immediately pass the case to competent authority.

Article 311
Assistance to foreign regulatory authorities

1. At the request of a foreign regulatory authority, the Authority may
a) exercise the power conferred by Article 310;
b) appoint one or more experts to investigate any matter.
2. In deciding whether or not to exercise its investigative power, the Authority may take into account in particular:
a) whether in the country of the foreign regulatory authority, corresponding assistance would be given to the Authority;
b) whether the case concerns the breach of a Law, or other requirement, which has no close parallel in the Republic of Albania or involves the assertion of a jurisdiction not recognised by the Republic of Albania;
c) the seriousness of the case and its importance to persons in the Republic of Albania;
ç) whether it is otherwise appropriate in the public interest to give the assistance sought.
3. The Authority may decide that it will not exercise its investigative power unless the foreign regulatory authority undertakes to make such contribution towards the cost of its exercise as the Authority considers appropriate.
4. If the Authority has appointed an expert to conduct administrative investigations in response to a request from a foreign regulatory authority, it may direct the investigator to permit a representative of that regulator to attend, and take part in, any interview conducted for the purposes of the administrative investigation.
5. A Direction under paragraph 4 is not to be given unless the Authority considers that any information obtained by the foreign regulatory authority as a result of the interview will be subject to the safeguards on the disclosure of regulatory confidential information under this Law.

Article 312
Conduct of Administrative Investigations

1. This Article applies if an Authority appoints one or more experts to conduct administrative investigations on its behalf.
2. The Authority must give written notice of the appointment of an investigator to the person who is the subject of the investigation if a specific person can be identified.
3. The Authority may decide not to notify a specific person identified provided that it considers that notification might harm the interests of investors or result in the dissipation of investor assets.
4. A notice under paragraph 2 of this Article must:
a) specify the provisions under which, and as a result of which, the administrative expert was appointed; and

b) state the reason for the appointment of the administrative investigation expert.

5. Nothing prevents the Authority from appointing a person who is a member of its staff as an investigator.
6. The expert must make a report of their administrative investigation to the Authority.
7. The Authority determines: the scope of the administrative investigation:

a) the period during which the administrative investigation is to be conducted;
b) the conduct of the administrative investigation; and
ç) the reporting of the administrative investigation.

Article 313
Power to require attendance and answer questions

1. The expert may require the person under administrative investigation or any person connected with the person under administrative investigation:
a) to attend before the expert at a specified time and place and answer questions; or
b) otherwise, to provide such information as the expert may require.
2. An expert may also require any person to produce at a specified time and place any specified documents or documents of a specified description.

Article 314
Admissibility of Statements

A statement made to an expert by a person in compliance with a requirement to provide information is admissible in evidence in any proceedings, so long as it also complies with any requirements governing the admissibility of evidence in the circumstances in question.

Article 315
Documents in the hands of third parties

1. If the Authority or an expert has required a person to produce a document, but it appears that the documents is in the possession of a third person, that power may be exercised in relation to the third person.
2. If a document is produced in response to a requirement imposed under this part, the expert to whom it is produced may:
a) take copies or extracts from the document; or
b) require the person producing the document, or any relevant person, to provide an explanation of the document.

3. If a person who must produce a document fails to do so, the Authority or an authorised investigator may require him to state where the document is.
4. A lawyer may be required to furnish the name and address of their client.
5. No person may be required to disclose information or produce a document in respect of which he owes an obligation of confidence by virtue of carrying on the business of banking unless:

a) they are the person under administrative investigation or a member of that person's group;
b) the person to whom the obligation of confidence is owed is the person under administrative investigation or a member of that person's group; or
c) the person to whom the obligation of confidence is owed consents to the disclosure or production or making accessible the document.

Article 316
Entry of premises

1. A court may issue a warrant under this part if it has received information given by or on behalf of the Authority if there are reasonable grounds for believing that the one of the following conditions is fulfilled:

a) that a person on whom an information requirement has been imposed has failed (wholly or in part) to comply with it; and
b) that on the premises specified in the warrant there are documents or information which have been required;
c) that the premises specified in the warrant are premises of a licensed, registered or recognised person and that there are on the premises documents or information in relation to which an information requirement could be imposed and that if such a requirement were to be imposed it would not be complied with or the documents or information to which it related would be removed, tampered with or destroyed;

ç) that an offence carrying a sentence of imprisonment on conviction has been (or is being) committed by any person; and that there are on the premises specified in the warrant documents or information relevant to whether that offence has been (or is being) committed and that an information requirement could be imposed in relation to those documents or information and that if such a requirement were to be imposed it would not be complied with or the documents or information to which it related would be removed, tampered with or destroyed.

2. A warrant under this part must authorise the Authority and the expert nominated by him and/or General Prosecution or other legislative bodies:

a) to enter the premises specified in the warrant;
b) to search the premises and take possession of any documents or information appearing to be documents or information of a kind in respect of which a warrant under this part was issued or to take, in relation to any such documents or information, any other steps which may appear to be necessary for preserving them or preventing interference with them;

c) to take copies of, or extracts from, any documents or information appearing to be relevant;
ç) to require any person on the premises to provide an explanation of any document or information appearing to be of the relevant kind or to state where it may be found.

Article 317
Intervention in respect of recognised foreign persons

1. The Authority may exercise its power of intervention in respect of a recognised foreign person if it appears to it that:
a) the person has contravened, or is likely to contravene, a requirement which is imposed on it by or under this Law (in a case where the Authority is responsible for enforcing compliance in the Republic of Albania);
b) the person has, in purported compliance with any requirement imposed by or under this Law, knowingly or recklessly given the Authority information which is false or misleading in a material particular; or
c) it is desirable to exercise the power in order to protect the interests of actual or potential clients.

PART III
INVESTORS PROTECTION

Article 318
Power of the Authority to take measures to enforce protection of investors

1. If any person contravenes a provision of this Law or regulations made under it or contravenes or fails to comply with any condition or restriction of a licence, registration or recognition granted under this Law or fails to comply with any provision of the regulations of a market institution, the Authority may impose administrative penalties or may take the following administrative action:
a) direct the person in breach to comply with, observe, enforce or give effect to such regulations, provisions, written notice, condition, or direction;
b) impose a penalty in proportion to the severity or gravity of the breach on the person;
c) reprimand the person in breach;
ç) require the person in breach to take such steps as the Authority may direct to remedy the breach or to mitigate the effect of such breach, including making restitution to any other person aggrieved by such breach.
2. The Authority in the interest of client protection may issue a direction freezing the assets of any person who is in contravention of any provision of this Law, by-laws or Directions for seven calendar days and make an application to Court for an extension of the freezing order to prevent a dissipation of client assets up to maximum term of 3 months;

3. For the purposes of paragraph 1, point "ç" of this Article in determining whether or not restitution is to be made by a person in breach, the Authority must have regard to:
a) the profits that have accrued to such person in breach; or
b) whether one or more persons have suffered loss or been otherwise adversely affected as a result of the breach.
4. Where the Authority takes an action under paragraph 1 of this Article against any person under the rules of a market institution the Authority must notify the market institution of the action taken by the Authority.
5. The provisions in this Article do not preclude the Authority from:
a) directing a market institution to take any disciplinary action against its participants, a listed company and or a member of the management board/supervisory board of a listed company for breach of the regulations of the market institution including the imposition of a fine; or
b) taking any action that it is empowered to take under this Law against the person in breach.
6. The penalties with the fines, provided for in this law, are collected in a deliberate account of the Authority within 20 calendar days from the date of receipt of the communication. When the amount of the fine to be paid has not been reimbursed within the deadline, the person responsible pays an interest of 0.01% of the fine for each day of delay. Procedures for the assessment, review, appeal and execution of administrative offences carried out pursuant to Law No. 10279, dated 20.5.2010, "On administrative penalties".

Article 319
Power of the Authority to protect investors' assets

1. The Authority may take one or more of the following actions set out below where an investment firm who handles or is entrusted with clients' monies or assets in the course of his business contravenes any provision of this Law, regulations or Directions issued under this Law and the Authority is of the view that interests of investors, the clients of an investment firm or unit holders of collective investment undertakings are likely to be jeopardised, or are jeopardised:
a) direct the investment firm not to deal with monies and properties of any investors or its clients in such manner as the Authority thinks appropriate or to transfer the monies and properties of such investors or its clients or any documents or electronic records in relation to such monies or properties to any other person as may be specified by the Authority;
b) prohibit the investment firm from entering into transactions, soliciting business from persons or require the investment firm to carry out business in a manner as may be specified by the Authority; or
c) require an investment firm to maintain property within The Republic of Albania at a place as determined by the Authority.

PART IV
NOTICES

Article 320
Notices Issued by the Authority

1. Where it appears to the Authority that a person is not a fit and proper person to perform any regulated activity and/or is in contravention of any provision of this Law the Authority may issue that person with notice of any action that the Authority proposes to take in the exercise of its powers under this Act and the date that action will take effect.
2. The notice issued by the Authority must set out the reasons on which the Authority relies for the issue of the notice and inform the recipient of the opportunity to make representations to the Authority within the period specified in the notice.
3. The Authority may extend the period for allowing representations under the notice where it considered there is good reason so to do.
4. If having considered the representations, if any, made in respect of the notice the Authority decides:

a) to continue with the proposed action;
b) to vary the proposed action; or
c) rescind the proposed action

The Authority must give the recipient a decision notice.

5. Any decision notice issued under paragraph 4 of this Article must include:

a) name the person to whom the notice applies;
b) set out the terms of the notice;
c) give the reasons for the decision; and
d) be given to the individual named in the order.

6. Any person who is aggrieved by the decision of the Authority, may, within thirty working days after the person has been notified of the decision refer the matter to the Court.

Article 321
Mergers and Division

1. No investment firm or institution may merge or divide without the advance approval of the Authority.
2. Such approval may be granted after the Authority has reviewed and considered the merger or division plan and considers that this in in the best interests of the shareholders of the investment firm or institution.

CHAPTER VIII
JUDICIAL PROCEEDINGS, MERGERS, BUSINESS RESCUE, INSOLVENCY, LIQUIDATION AND TERMINATION OF BUSINESS ACTIVITY

PART I

RESCUE AND REHABILITATION OF INVESTMENT FIRM OR INSTITUTIONS

Article 322
Temporary Administration

1. Where it appears to the Authority that an investment firm or institution is financially distressed and there appears to be a reasonable prospect of rescuing the investment firm or institution it may Direct the Board of the institution concerned to enter into a temporary administration process.
2. The Authority must provide the investment firm or institution concerned with the reasons for its proposed action under paragraph 1 of this Article and the proposed period of the temporary administration process, which cannot exceed twelve months in any event.
3. Any Direction by the Authority under paragraph 1 of this Article must be published on the website of the Authority and the institution concerned.
4. Financial distress means that it appears to the Authority:

a) to be reasonably unlikely that the investment firm or institution will be able to pay all of its debts as they become due and payable within the immediately ensuing six months; or
b) to be reasonably likely that the investment firm or institution will become insolvent within the immediately ensuing six months.

Article 323
Legal effects of temporary administration

1. All the rights and responsibilities of the shareholders, management bodies' members and senior managers of the investment firm or institution are suspended throughout the

duration of the temporary administration period which pass on to the temporary administrator.

2. Such suspension must start from the date of receipt of the notification of the Direction by the Authority under Article 322 of this Law.

Article 324
Appointment of the temporary administrator

1. The terms and scope of the temporary administrator may be determined by the Authority as part of their decision to place the investment firm or institution into temporary administration under Article 323.
2. The temporary administrator, on appointment may exercise such powers and functions as are determined by the Authority to enable the temporary administrator to assess and determine if a sound business rescue and rehabilitation is possible for the investment firm or institution.
3. The Authority shall determine the fees and expenses of the temporary administrator and if these are to be paid by the investment firm or institution which is undergoing the process of temporary administration.

Article 325
Conditions for Appointment of the temporary administrator

The Authority must establish that the candidate is fit and proper and suitably qualified for the position of the temporary administrator and have work experience of at least five years in the position of director of a financial institution or bank, or an auditing company.

Article 326
Removal and or replacement of the Temporary administrator

1. No person must be appointed as a temporary administrator who:

a) has been convicted by the court of a criminal offence punishable by imprisonment;

b) there are doubts, at the time of their appointment, of that person’s fitness and propriety or competence to carry out their duties under the temporary administration;

c) is subject to inquiries for deceptive acts or other criminal offences;

ç) there appear to be conflicts of interest between the temporary administrator and the Authority or the investment firm or institution.

2. The Authority may dismiss and replace the temporary administrator at any time if it appears to the Authority that the temporary administrator is not fit and proper to conduct the temporary administration in accordance with the requirements of this Law.

Article 327
Powers and duties of the temporary administrator

1. The temporary administrator must manage the institution to the best of its ability with the objective of restoring the investment firm or institution to a sound financial state.
2. On appointment the temporary administrator must:

a) where appropriate notify each branch office of the investment firm or institution the date and time when the temporary administration must take effect;

b) publish such notification under point "a" in one or more press or electronic media, widespread in public and on the website of the investment firm or institution in temporary administration; and

c) supply the Authority with such notifications.

3. The investment firm or institution must make available to the temporary administrator all their records, accounts and other documentation and prepare a report on the financial health of the investment firm or institution for the Temporary administrator and the Authority.
4. The temporary administrator has powers to request any additional information from the investment firm or institution to enable him to fulfil his duties and functions.
5. The temporary administrator must take all measures to preserve the assets of the investment firm or institution but not limited to:

a) the preservation of property or records (digitised or otherwise held) and access to the premises or parts of the premises;

b) the retention of key staff to undertake day to day business activities;

c) the notification of this and the following articles are drawn from third parties of prior authorisation for payment for services from the date of the temporary administration; and

ç) the cessation of dividend payment or any other form of distribution of capital to the shareholders from the date of the temporary administration.

6. All transactions undertaken during the period of temporary administration, without due authorisation from the appointed temporary administrator, are deemed to be legally invalid.

Article 328
Business Rescue Plan

1. Upon his appointment the temporary administrator must:
a) plan to see if the restitution of the investment firm or institution is possible by undertaking at least one of the following:
i) a reclassification of the quality of investment firm or institutions assets;
ii) a reclassification of the investment firm or institutions activities to those with no or little risk, or
iii) identify non-performing assets and loans and take such steps to secure their valuation or repayment:
b) draw up and produce to the Authority a business plan for the rescue and rehabilitation of the investment firm or institution which protects the interests of the investment firm or institution, its shareholders and creditors than compulsory liquidation;
c) sell all or part of the non-performing assets of the market institution or participant;
ç) negotiate the merger or sale of the investment firm or institution with another investment firm or institution or seek additional capital for the investment firm or institution; or
d) if the proposed arrangements in points "a" to "ç" of this Article are not viable, they should inform the Authority that there is no alternative to the commencement of liquidation procedures.

Article 329
Reports to Authority by temporary administrator

1. The temporary administrator must report periodically to the Authority on the progress of the temporary administration process with regard to the following:
a) submit for approval by the Authority a report on financial position and operational conditions of the investment firm or institution during the temporary administration process;
b) within six months of the commencement of the temporary administration a report on the financial position and operational conditions of the investment firm or institution including potential rehabilitation containing the following:
i. an evaluation of shareholders willingness to cover losses by input of additional capital or other sources of capital injections;
ii. the potential for coverage of residual losses of after a capital injection in accordance with point "i";
iii. any unforeseen or contingent liabilities or expenditures with a bearing on the debt of the investment firm or institution;
iv. an evaluation of the potential measures for the relief from financial distress and the estimated cost for implementation of such measures; or
v. an evaluation of the conditions which necessitate the commencement of liquidation procedures.

2. In drafting the reports stipulated in paragraph 1 of this Article the temporary administrator must be committed to the protection of the interests of the creditors and clients of the investment firm and institution and that any sums which represent client monies or are for settlement of outstanding transactions are not available for inclusion in any assessment of the available financial assets of the investment firm or institution concerned.
3. The Authority must, within 30 (thirty) working days of the submission of the report, decide upon the proposed recommendation for the rescue and rehabilitation of the investment firm or institution or alternatively the commencement of liquidation proceedings and notify the investment firm or institution accordingly of their implementation.

Article 330
Evaluation of results

1. The Authority must implement the evaluation of results of the temporary administration every three months starting from the date the temporary administration decision was taken.
2. The Authority must draft a final report of evaluation of the temporary administration of the investment firm or the institution within three months of the receipt of the temporary administrator's final report.

Article 331
Termination of temporary administration

1. The temporary administration must end:
a) at the expiration of the deadline stipulated in the decision of the Authority to place the investment firm or institution under temporary administration.
b) with a decision by the Authority prior to the expiration of the temporary administration, deeming the investment firm or institution rehabilitated, based on the final evaluation report and where:
i. the Authority determines the investment firm or institutions financial health has improved during the temporary administration period;
ii. the investment firm or institution has met all its obligations;
iii. the investment firm or institution may exercise its activity normally
with a decision by the Authority to place the investment firm or institution into compulsory liquidation process.
c) By decision of the Authority on obliging the investment firm or the institution to follow a compulsory liquidation procedure.

2. A decision of the Authority under paragraph 1, point "b" of this Article must be accompanied by a detailed rehabilitation plan drawn up by the temporary administrator, identifying existing weaknesses in banks management and operations detailing the following:

a) the required corrective measures for the improvement of the situation; and
b) a financial plan for the investment firm or institution's proposed rehabilitation.

PART II

LIQUIDATION AND INSOLVENCY PROCEEDINGS

Article 332
Liquidation

1. The general assembly of an investment firm or institution may resolve to close the company or change its activity only with the prior approval of the Authority.
2. Where a decision in paragraph 1 of this Article has been taken the management board/supervisory board shall submit a liquidation application which must comprise of the following documents:

a) a copy of the general assembly decision on the proposed liquidation;
b) the reasons for the liquidation;
c) the names of nominated liquidators;
ç) a detailed financial report on the handling of any compensation claims during the liquidation, revenues and expenses, and an estimate of the duration of the process.

3. The Authority shall take a determine if the proposals submitted under paragraph 2 of this Article above are appropriate within 30 working days from the date of receiving the application will inform the investment firm or institution of their approval or rejection as the case may be.
4. If the Authority rejects the proposals for liquidation within the time-limit specified in paragraph 3 of this Article the decision for termination or changing of the business activity may not be approved by a general meeting of the company and any decision to the contrary taken by the general meeting shall be null and void and not be registered with the registrar of the company.

Article 333
Liquidators of investment firms or institutions

1. An investment firm or institution must have, liquidators approved in advance by the Authority. They represent the interests of the investment firm or institution jointly.

2. The liquidators must be natural persons who the Authority determines are fit and proper to carry out their duties and have the requisite experience and qualifications.

Article 334
Restrictions on the licence of the investment firm or institution

1. Where the Authority has approved voluntary liquidation proceedings it may decide to:
a) restrict the licence to carry out regulated business of the investment firm or institution and allow it to undertake certain specified activities or such activities that are necessary for the voluntary liquidation; and
b) specify to what extent risk management rules will apply to the investment firm or institution during the voluntary liquidation.
2. After the commencement of the liquidation proceedings, the investment firm or institution may continue the activities specified in the Authority's decision in paragraph 1 of this Article to facilitate the orderly termination of regulated activity and any activity necessary or incidental to the orderly transfer of its business to another investment firm or institution.
3. Notwithstanding paragraphs 1 and 2 of this Article the Authority may require the investment firm to make specific arrangements relating to the protection of retail clients and or market integrity.

Article 335
Decision for Compulsory Liquidation

1. The authority may put the investment firm or market institution in a compulsory liquidation process where this investment firm or market institution is:
a) unable to pay their debts as they fall due;
b) is carrying on, or has carried on, a regulated activity in contravention of this Law; or;
c) when, during or at the end of temporary administration, it is established that financial recovery of the entity is impossible.
2. The account assets of the clients of the investment firm are kept in separate accounts from the accounts of the investment firm and are not affected during the process of compulsory liquidation of the company.
3. The Authority may to ensure the protection of retail clients of investment firm or institution require that its respective clients and their assets are transferred to another investment firm or institution.

Article 336
Duties and rights of the liquidator

1. The liquidator administers and sells the assets and liabilities and distributes the collected amounts to the creditors.
2. The liquidator shall cooperate with the Authority and implement the instructions of the Authority for the compulsory liquidation process.
3. Immediately after his appointment, the liquidator shall take control of the investment firm, the market institution and secure his assets, books and accounts. The liquidator shall have the right of access to all assets, offices and accounts of the investment firm or market institution.
4. The liquidator shall draw up an inventory of the assets and properties of the investment firm or market institution and, within 30 calendar days of the start of the liquidation, shall draw up a balance sheet and an explanatory report on the balance sheet items, which shall be submitted to the Authority, while a copy shall be lodged publicly available.
5. The liquidator shall aim to achieve the maximum amount from the sale of the assets of the investment firm or market institution by carrying out the following actions:

a) continue or conclude financial transactions;
b) recruit the necessary employees, employees or professional advisers;
c) sign documents on behalf of the company and file a case on its behalf, with the authorisation of the Authority.

6. The liquidator shall have the right to settle the following:

a) the company's employment contracts with each person;
b) service contracts to which the investment firm or market institution is a party;
c) any other obligation arising from immovable property leases which the investment firm or market entity has as tenant.

7. Within 1 (one) month of the appointment, the liquidator shall act as follows:

a) send by registered mail to all members and creditors, to the addresses indicated in the registers of the company, market institution, market operator, an overview of the nature and amount of liabilities claimed under the registers;
b) records the claims submitted and documented by the creditors.

8. No later than 1 (one) month from the last date indicated in the communication made pursuant to paragraph 7 of this Article, for the claims, the liquidator shall:

a) determine the amount, if any, that the investment firm or market institution owes to each known creditor;
b) prepare for registration with the Authority a structure of the claimed liabilities.

9. Any creditor or shareholder representing at least 10% of the shares issued shall have the right to object to the registration of outstanding liabilities with the Authority within twenty (20) days from the registration of the structure of liabilities claimed in under paragraph 8

of this Article. The Authority shall decide to accept or reject the objection within 1 (one) month from the date of registration of the claim.

10. If the objection referred to in paragraph 9 of this Article is accepted, the liquidator shall amend and improve the structure of the obligations claimed or the measures proposed for the liquidation of the obligations respectively.

Article 337
Legal Effect of Compulsory Liquidation by the Authority

1. All the powers and duties of the investment firm or institution shall be transferred to the Authority who will appoint the liquidator to realise and distribute the assets in or to preserve the interests of the investment firm clients or institution or to preserve market integrity and stability.
2. Commencement of compulsory liquidation proceedings has the legal effect of suspending the licence of the investment firm or institution and it may under take no new regulated business save that which is for the purposes of paragraph 1 of this Article.
3. Audit, for the purposes of this Law, shall be considered in the public interest. Any statutory audit engagement is regarded as the engagement of a public interest group and is subject to legal obligations under the provisions of the applicable statutory audit legislation, the organization of the profession of the statutory audit and certified public accountant.

Article 338
Complaints fulfilment order

1. The liquidator distributes the assets of the investment firm or the institution by settling the liabilities to creditors and shareholders in the following order:

a) any creditor covered by collateral, who cannot use the property with which his obligation is guaranteed due to the constraints defined by this law, up to the amount of the income from the sale of collateral;

b) the expenses of the liquidator and the Authority ascertained as a result of compulsory liquidation;

c) the salaries of the employees of the investment firm or of the institution, required to work by the liquidator to assist in the regular liquidation of the company;

ç) covered and uncovered creditors with guarantees relating to the value of the obligation, which exceeds the sale value of the collateral;

d) shareholders.

2. When the repayment amount of creditors with the same order of priority is not sufficient to fully repay these creditors, they are repaid in proportion to their liabilities.

3. Any assets remaining after the settlement of all claimed liabilities are distributed among the shareholders in proportion to their rights and participation in the capital.

Article 339
Reporting to the Authority

1. The liquidator reports monthly to the Authority on the progress of the liquidation process. These reports contain information on the total amount of liabilities declared, the total amount of assets sold by the investment firm or the institution and the amount of expected revenue from the sale of the assets.
2. The liquidator submits a final report to the Authority after the completion of the liquidation process.

Article 340
Complaints

1. All liabilities claimed for and in connection with the insolvency of the company are established in accordance with the provisions of this section.
2. The right to initiate judicial proceedings before the Administrative Court of Appeal to request the suspension of the compulsory administrative liquidation procedure, within 30 days of the publication of the decision in printed and electronic paper with wider public circulation for the appointment of the liquidator request the closure of the compulsory administrative liquidation procedure have:

a) Shareholders representing at least 10% of the shares issued;

b) Creditors, who constitute at least 1/3 (one third) of the total amount of liabilities claimed by other creditors, with the exception of shareholders.

3. The court decides on the case only if:

a) The Authority acted arbitrarily and negligently to initiate a liquidation procedure, according to the factual circumstances and the provisions of this law for the compulsory liquidation of the company;

b) The authority, the liquidator and the professionals appointed to assist the liquidator are liable or not for the actions or omissions according to the provisions of this law, which provides for the procedures for carrying out the functions and obligations in the liquidation process, except in cases when these actions or omissions are intentionally wrong.

4. Notwithstanding the main process under this article, the compulsory liquidation procedure initiated by the Authority takes place without limitation until the court’s decision is issued.

Article 341
Remuneration of the work of the liquidator

Professionals, including consultants, lawyers, accountants and advisers, acting on a contractual basis, nominated and appointed by the liquidator to assist in accordance with the procedures referred to in this section and subject to request and terms of service, are no longer remunerated than employees of the investment firm or market institution for the same services, except when the Authority has authorized the payment of higher amounts. The Authority grants this authorization when it finds that the payment of higher amounts is more than necessary for the recruitment and retention of the necessary staff.

Article 342
Compulsory Liquidation of a Recognised Foreign Person

The Authority may present a foreign person recognized under this Law in a compulsory liquidation procedure unless it has been asked to do so by the foreign regulatory authority of the person concerned.

CHAPTER IX
MARKET ABUSE, INSIDER TRADING AND RELATED OFFENCES

Article 343
Application of this Chapter

1. This Chapter applies to all acts of an investment firm or any legal or natural person/individual which constitutes market abuse which includes
a) Manipulation of prices so as to create a false market;
b) Insider trading.

PART I

MARKET MANIPULATION

Article 344
General application of this part

1. This part applies to the acts and omissions of any person within or outside the Republic of Albania when that person is carrying on business from the Republic of Albania in respect of all the following financial instruments:

a) admitted to trading on a regulated market or for which a request has been made for admission on a regulated market;

b) traded on a multilateral trading facility (MTF), admitted to trading in one MTF or for which an application for admission to trading has been submitted;

c) traded on an organised trading facility;

ç) financial instruments, not referred to in points "a", "b" and "c", where the price or their value depends on or has an effect on the price or value of the financial instrument indicated therein items, including, but not limited to, credit default swaps and financial contracts for differences (CFD).

2. This chapter also applies to:

a) commodity contracts, in cases where they are not wholesale energy products, where the transaction, order or conduct affects or was intended to influence the price or value of the financial instrument referred to in paragraph 1 of this Article;

b) types of financial instruments, including credit risk transfer derivative contracts, where the transaction, order, quote or conduct influenced or was intended to influence the price or value of a commodity contract, where the price or value of this contract depends on the price or value of this type of financial instrument;

c) conduct with respect to benchmarks.

3. This Chapter shall also apply to any transaction, order or conduct in respect of financial instruments referred to in paragraphs 1 and 2 of this Article, irrespective of whether such transactions, orders or behaviour take place on a regulated market or trading platform or not.

Article 345
Prohibited conduct creating a false market

1. A person must not create, or cause to create, or do anything that is intended to create a false or misleading appearance of active trading in financial instruments on an exchange within the Republic of Albania or a false or misleading appearance with respect to the market for or the price of any such financial instruments.
2. A person must not by means of purchases or sales of any financial instruments that do not involve a change in the beneficial ownership of those financial instruments, or by any

fictitious transaction or device, maintain, inflate, depress, or cause fluctuations in the market price of any financial instruments.

3. Without affecting the generality of paragraph 1 of this Article, a person who:

a) effects, takes part in, is concerned in or carries out, either directly or indirectly, any transaction of sale or purchase of any financial instruments, being a transaction that does not involve any change in the beneficial ownership of the financial instruments commits an offence; or

b) makes or causes to be made an offer to buy or sell any financial instruments at a specified price where he has made or caused to be made or knows that a person associated with him has made or caused to be made an offer to purchase the same number, or substantially the same number, of financial instruments at a price that is substantially the same as the first-mentioned price commits an offence.

4. In dealing with a contravention of paragraph 3 of this Article, it is a defence for a person to establish that:

a) the purpose for which he did the act was not or did not include, the purpose of creating a false or misleading appearance of active trading in an exchange; and

b) he did not act recklessly, whether or not he created a false or misleading appearance of active trading in an exchange.

c) it was done in order to stabilise market in the case of a new issue of securities when full details were disclosed in the prospectus,

ç) it was done as part of a share buyback programme full details of which have been disclosed and whose purpose was

i. to reduce the capital of an issuer

ii. to meet obligations arising from debt financial instruments that are exchangeable into equity instruments;

iv. to meet obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of a related company.

5. A purchase or sale of financial instruments does not involve a change in the beneficial ownership for the purposes of this section if a person who had an interest in the financial instruments before the purchase or sale, or a person associated with that person in relation to those financial instruments, has an interest directly or indirectly in the financial instruments after the purchase or sale.

6. For the purposes of a contravention of paragraph 2 of this Article it is a defence if the person establishes that the change in the beneficial ownership in relation to purchase or sale of financial instruments did not intend to create a false or misleading appearance with respect to the market for, or the price of financial instruments.

7. The reference in paragraph 3, point “a” of this Article to a transaction of sale or purchase of financial instruments includes:

a) a reference to the making of an offer to sell or purchase financial instruments; and;

b) a reference to the making of an invitation, however expressed, that expressly or impliedly invites a person to offer to sell or purchase financial instruments.

8. Violations of the provisions under paragraph 1 and 2 of this Article shall constitute an an administrative offence liable on conviction with a fine for an amount of ALL 20 000 000

up to ALL 30 000 000 on the legal person, as well as criminal offence punishable under the provisions of the Criminal Code of the Republic of Albania.

Article 346
Market manipulation

1. Market manipulation shall mean:

a) transactions or orders to trade which give, or are likely to give, false or misleading signals as to the supply of, demand for or price of financial instruments, or which secure, by a person, or persons acting in collaboration, the price of one or several financial instruments at an artificial level unless the person who entered into the transactions or issued the orders to trade establishes that his reasons for so doing are legitimate and that these transactions or orders to trade conform to accepted market practice on the regulated market concerned;

b) transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance;

c) dissemination of information through the media, including the Internet, or by any other means, which gives, or is likely to give, false or misleading signals as to financial instruments, including the dissemination of rumors and false or misleading news, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading. In respect of journalists when they act in their professional capacity such dissemination of information is to be assessed taking into account the rules governing their profession, unless those persons derive, directly or indirectly, an advantage or profits from the dissemination of the information in question.

2. In particular the following activities and conduct derived from the definition of market manipulation in accordance with the above Article shall be deemed market manipulation:

a) activities by a person, or persons acting in collaboration, to secure a dominant position over the supply of or demand for a financial instrument which has the effect of fixing, directly or indirectly, purchase or sale prices or creating other unfair trading conditions;

b) the buying or selling of financial instruments at the close of the market with the effect of misleading investors acting on the basis of closing prices;

c) taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a financial instrument or indirectly about its issuer while having previously taken position on that financial instrument and profiting subsequently from the impact of the opinion voiced on the price of that instrument, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

Article 347
Prohibition on market manipulation

1. A person must not carry out or be involved in carrying out, either directly or indirectly, any number of transactions in financial instruments of a company being transactions that have or are likely to have the effect of artificially:

a) raising;
b) lowering; or
c) fixing, maintaining or stabilising

the price or volume of trade in financial instruments of the company in the Republic of Albania, for the purpose inter alia, of inducing other persons whether or not such persons are in fact so induced to acquire or dispose of the financial instruments of the company or of a related company.

2. A reference in this section to a transaction in relation to financial instruments of a company includes:

a) a reference to the making of an offer to sell or purchase such financial instruments of the company; and
b) a reference to the making of an invitation, however expressed that expressly or impliedly invites a person to offer to sell or purchase such financial instruments of the company.
c) Violations of the provisions under paragraph 1 and 2 of this Article shall constitute an an administrative offence liable on conviction with a fine for an amount of ALL 20 000 000 up to ALL 30 000 000 on the legal person, as well as criminal offence punishable under the provisions of the Criminal Code of the Republic of Albania.

Article 348
Exempt certain class of transactions

The Authority may make regulations to exempt any particular class, category or description of persons or any particular class, category or description of transactions relating to financial instruments to which Articles 344 to 347 of this Law do not apply.

Article 349
Duty to report

1. All market institutions shall prescribe and implement procedures and measures aimed at detecting and preventing market manipulation practices on the regulated market.
2. Investment firms licensed by the competent authorities to provide investment services and carry out investment activities and banks licensed by the authorities that licenses banks shall notify the Authority, on the basis of information accessible to them, of cases for which they reasonably suspect to constitute market abuse.

PART II
INSIDER TRADING

Article 350
Definition of inside information

1. For the purposes of the offence of insider trading includes:
a) matters of supposition and other matters relating to listed companies that are insufficiently definite to the public;
b) matters relating to the intentions, or likely intentions of a person;
c) matters relating to negotiations or proposals with respect to:
i) commercial dealings; or
ii) dealing in financial instruments;
ç) Information relating to the financial performance of a company;
d) information that a person proposes to enter into or has previously entered into one or more transactions or contracts or agreements in relation to financial instruments or has prepared or proposes to issue a statement relating to such financial instruments; and
dh) matters relating to the future.
2. Information is generally available if the information in question has been made known in a manner that would or would tend to bring it to the attention of reasonable persons who invest in financial instruments of a kind whose price or value might be affected by the information and since it was so made known, a reasonable period for it to be disseminated among and assimilated by such persons has elapsed.
3. The information referred to in paragraph 2 of this Article includes information that consists of deductions or conclusions made or drawn from such information.

Article 351
Prohibition against Insider trading

1. A person is an "insider", if that person:

a) possesses information that is not generally available which on becoming generally available a reasonable person would expect it to have a material effect on the price or the value of financial instruments; and

b) knows or could reasonably be expected to know that the information is not generally available.

2. An insider must not whether as principal or agent in respect of any financial instruments to which information in paragraph 1 of this Article relates:

a) acquire or dispose of or enter into a contract or an agreement for or with a view to the acquisition or disposal of such financial instruments; or

b) Procure, directly or indirectly, an acquisition or disposal of or the entering into a contract or an agreement for or with a view to the acquisition or disposal of such financial instruments.

3. Where trading in the financial instruments to which the information in paragraph 1 of this Article relates is permitted on a licensed exchange, the insider must not, directly or indirectly, communicate the information referred to in paragraph 1 of this Article or cause such information to be communicated to another person, if the insider knows or could reasonably be expected to know that the other person would or would tend to:

a) acquire, dispose of or enter into a contract or an agreement with a view to the acquisition or disposal of any financial instruments to which the information in paragraph 1 relates; or

b) procure a third person to acquire, dispose of or enter into an agreement with a view to the acquisition or disposal of any financial instruments to which the information in paragraph 1 of this Article relates.

4. Violations of the provisions under paragraph 1 and 2 of this Article shall constitute an an administrative offence liable on conviction with a fine for an amount of ALL 20 000 000 up to ALL 30 000 000 for the legal person, as well as criminal offence punishable under the provisions of the Criminal Code of the Republic of Albania.

Article 352
Prompt disclosure of inside information

1. The issuer of a financial instrument shall ensure that the inside information which directly concerns the said issuer is made public as soon as possible, whereby he shall ensure that such information is complete, truthful and substantially accurate.

2. The issuer shall not be allowed to make the information referred to in this Article public in the frames of his marketing activities in a manner likely to be misleading.
3. The issuer shall make the information public according to provisions of this Article in a manner which enables fast access and complete, correct and timely assessment of the information and shall do so by applying in an appropriate manner the issuer shall, for an appropriate period, post on his Internet sites all inside information that they are required to disclose publicly.
4. The Authority may further provide by regulation as to information is likely to be taken into consideration when making decision on disclosure of inside information

Article 353
Requirement to keep a list of insiders

1. Issuers or persons acting on their behalf or for their account, or any investment firm providing investment services, or any professional advisers shall draw up list of persons working for them under a contract of employment or otherwise and having access to inside information relating, directly or indirectly, to the issuer, on a regular basis or occasionally (lists of insiders).
2. Issuers or persons acting on their behalf or for their account shall update the list regularly and submit it to the Authority upon its request and keep them for at least five years after being drawn up or updated.
3. Lists of insiders shall state at least: first and last name, date of birth, address of permanent residence or temporary residence if this is applicable, of the person having access to inside information, the reason why a person has been included in the list, and the date on which the list of insiders was drawn up or updated.
4. Lists of insiders shall be promptly updated whenever there is a change in the reason why any person is already on the list, whenever any new person has to be added to the list whether and when any person already on the list has no longer access to inside information.
5. Persons required to draw up lists of insiders shall take the necessary measures to ensure that any person on such a list that has access to inside information acknowledges the legal and regulatory duties entailed and is aware of the sanctions attaching to the misuse or improper circulation of such information.

Article 354
Person with managerial responsibilities

1. A person charged with managerial responsibilities within an issuer shall mean a person who is:

a) a member of the management board or supervisory body of the issuer;

b) a senior manager, who is not a member of the bodies as referred to in point "a" of this Article having regular access to inside information relating, directly or indirectly, to the issuer, and the power to make managerial decisions affecting the future developments and business prospects of this issuer.

2. A person closely associated with a person charged with managerial responsibilities within an issuer of financial instruments shall mean:

a) the spouse of the person discharging managerial responsibilities, or any person which is considered by national act as equivalent to the spouse;

b) dependent children of the person discharging managerial responsibilities;

c) other persons, who have shared the same household as the person discharging managerial responsibilities for at least one year on the date of the transaction concerned;

ç) any legal person, trust or partnership, whose managerial responsibilities are discharged by a person referred to in paragraph 1 or in paragraphs a), b) or c) of this Article, or which is directly or indirectly controlled by such a person, or that is set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such person.

3. Persons referred to in this Article shall notify to the Authority all acquisitions or disposals conducted on own account for the shares of the issuer admitted to trading on a regulated market in the Republic of Albania, as well as acquisitions or disposals of derivatives or other financial instruments linked to those shares, in which the person referred to in paragraph 1 of this Article discharges managerial responsibilities, within [5 working days] from the day of the acquisition or disposal concerned.

4. The notification from the previous paragraph of this Article shall contain the following information:

a) name of the person discharging managerial responsibilities within the issuer, or, where applicable, name of the person closely associated with such a person;

b) reason for responsibility to notify;

c) name of the relevant issuer;

ç) description of the financial instrument;

d) nature of the transaction;

dh) date and place of the transaction;

e) price and volume of the transaction.

5. Obligations prescribed by this Article shall not apply to the shares of the issuer who has not requested or approved admission of financial instruments to trading on a regulated market.

Article 355
Material effect on price or value of financial instruments

A material effect is where information on becoming generally available would or would tend to effect on the price or value of financial instruments refers to such information which would or would tend to, on becoming generally available influence reasonable persons who invest in financial instruments in deciding whether or not to acquire or

dispose of such financial instruments or enter into an agreement with a view to acquire or dispose of such financial instruments.

Article 356
Defences

1. An offence of insider trading is not committed where a person discloses information or deals in financial instruments or encourages another to deal in financial instruments provided:

a) he did not at the time expect the dealing to result in a profit attributable to the fact that the information in question was price sensitive information in relation to the financial instruments, or

b) at the time he believed on reasonable grounds that the information had been disclosed widely enough to ensure that none of those taking part in the dealing would be prejudiced by not having the information, or

c) he would have done what he did even if he had not had the information.

In this section references to a profit include references to the "avoidance of a loss".

Article 357
Limits on Insider Trading

1. Insider dealing does not apply to anything done by an individual acting on behalf of the Bank of Albania or other public-sector body in pursuit of monetary policies or policies with respect to exchange rates or the management of public debt or foreign exchange reserves.
2. No contract must be void or unenforceable by reason only of its having come about in consequence or as a result of insider trading.

CHAPTER X

INVESTORS COMPENSATION SCHEME

Article 358
GENERAL

1. Investor protection within the meaning of this law shall be implemented and supervised by the Authority.

2. For the purposes of investor protection, the provisions of this Chapter provide information on the management of investor protection fund, the determination of a compensation case and the payment of claims.
3. The fund shall be established and managed by a company authorized by the Authority hereinafter referred to as the Fund operator or the Authority itself.
4. The provisions of this chapter when referring to the Fund operator shall apply mutatis mutandis also to the Authority when managing the fund.
5. The provisions of this chapter shall not apply to clients who deal with digital security tokens.

Article 359
Object of the investors' compensation scheme

1. The provisions of this chapter shall regulate the covering of claims of Fund members who are not able to pay the clients when:

a) Fund member bankruptcy proceedings have been initiated;
b) The Authority determines that a member of the Fund is insolvent vis-à-vis its clients, meaning that it is unable to pay its liabilities in cash or financial instruments held on behalf of the client, administered by him, and when he is not expected to be able to pay these obligations in the future.
2. The Authority shall approve the rules to meet the criteria referred to in point "b" of paragraph 1 of this Article.

Article 360
Membership in the Fund

1. Membership in the Fund is mandatory for the following companies with registered office in the Republic of Albania, when providing investment services:
a) an investment firm authorised to hold client funds or financial instruments;
b) a bank that provides investment services and carries out investment activities, for which it is licensed in accordance with Article 15 under this Law;
c) Membership in the Fund will also be mandatory for a collective investment undertaking with public offering where it provides investment services.
2. The companies referred to in paragraph 1 of this Article shall be called "Members of the Fund".
3. The requirements of this Article shall apply mutatis mutandis to branches and offices of foreign investment firms, if they are not part of the investor protection scheme in the home country.

Article 361
Covered claims in the event of insolvency

Covered claim secured by the application of this chapter shall be the following:

a) monetary receivables owed by a member of the Fund to clients or members of a client held on behalf of the client for investment services agreed with the client;
b) financial instruments, which belong to the client of one of the members of the Fund and which are held by him in custody on behalf of the clients in connection with investment services agreed with him;
c) this Chapter shall not apply to funds of banking clients covered by the applicable "Deposit Insurance" legislation, for the protection of deposits;
ç) claims of clients of Fund Members arising out of transactions in connection with which a criminal conviction has been obtained for money laundering and terrorism financing, shall be excluded from the application of the provisions under this Chapter;
d) where it is suspected that the claims of the clients of the members of the Fund stem from a transaction relating to money laundering and terrorism financing, the payment of the claim will not be made until the court has taken its final decision on the transaction;
dh) the amount of the claims of the client of a fund member shall be calculated as the total amount of claims of clients referred to in points "a" and "b" of this Article regardless of whether the Fund Members keep them at one or more accounts, whether or not they have signed one or several contracts, or in relation to the provision of one or several investment services, up to the secured amount referred to in Article 362 of this Law. This amount shall include interests from the date when bankruptcy proceedings were opened over a Fund Member or from the date of publication of the Authority's decision on the occurrence of the case referred to in Article 364 of this Law.

Article 362
Maximum amount of compensation

1. Claims relating to joint investment business to which two or more persons are entitled as members of a business partnership, or grouping of a similar nature which has no legal personality may, for the purpose of calculating the limits be treated as if arising from an investment made by a single investor.
2. The coverage of claims under Article 361 of this Law shall have a limit to a maximum amount of ALL 500 000 per client of fund member.
3. All secured claims up to the amount referred to in paragraph 2 of this Article shall be fully covered.
4. In the process of compensation interests shall not be determined and paid on the established amount of the claim from the date of the opening bankruptcy proceedings over a Fund Member or from the date of the Authority's decision pursuant to Article 364 of this Law.

Article 363
Determination of the compensation fund client

1. For the purposes of this Chapter, the client of a member of the Fund whose claims are protected by the provisions of this Chapter shall be a natural person/individual or legal person whose funds, as prescribed in Article 359 of this law are held on behalf of the client, administered by a Fund member in relation to an investment service agreed with the client.
2. The following shall not be considered as clients within the meaning of paragraph 1 of this Article, regardless of the country where the registered offices are located:

a) banks;
b) investment firms;
c) financial institutions;
ç) insurance companies;
d) collective investment undertakings;
dh) pension fund management company and pension funds;
e) companies that are part of a group or have close links with one of the fund members in the event of its insolvency;
ë) individuals, natural/legal persons holding more than 5 % of ordinary shares in the capital of a Fund Member who is in insolvency;
f) management board/ supervisory board members of a Fund Member, who are in such positions when bankruptcy or liquidation proceedings are initiated over a Fund Member or on the date of the Authority's decision, in accordance with Article 359 of this Law or have been in such positions within the last 2 years.;
g) persons employed by the members of the Fund on the date of commencement of Bankruptcy or liquidation proceedings over a fund member or on the date of the Authority's decision, in accordance with Article 359 of this Law;
gj) tied agents of an investment firm which is in insolvency, and which act as tied agents of that firm on the date of opening of bankruptcy or liquidation proceedings over an investment firm or on the date of Authority's decision or have been in such positions in the last two years;
h) persons responsible for carrying out the statutory audits of a Fund Member's financial statements, and persons responsible for preparation of financial statements of the fund member;
i) Administrators or supervisory and management board members of this person holding 5 or more percent of the capital of a company which is a parent or a subsidiary undertaking in relation to a Fund Member, and persons responsible for the audit of financial statements of this firm;
j) partners, spouses or relatives of the persons referred to in points "ë", "f", "g", "gj", "h" and "i" of this paragraph.
k) clients of the Fund member, who have contributed to the Authority's decision by not fulfilling their obligations towards that Fund member;
l) persons trading digital securities tokens.

Article 364
Occurrence of a compensation event

1. In the event of the occurrence of one of the circumstances, as defined in point "a" paragraph 1 of Article 359 of this Law, the Authority will transmit the decision to open bankruptcy proceedings against the Fund member and Fund operator.
2. Pursuant to the decision referred to in paragraph 1 of this Article and in the event of the occurrence of the circumstances provided for in point “b”, paragraph 1 of Article 359 of this Law, the Authority shall pass a decision on the occurrence of an compensation event, and shall submit it without delay to the Fund Operator and the Fund Member who is unable to fulfil its obligations.
3. The decision shall be published on the official website of the Authority.

Article 365
Further procedures

The Authority shall approve regulations on:

a) Fund operators’ procedures in case of the occurrence of a compensation event;
b) arrangements for joining the Fund;
c) the amount of the contribution of each Fund member;
ç) the consequences of the insolvency of the Fund member;
d)book-keeping and accounts as well as reporting to the Authority and to the Fund Operator;
dh) use and protection of data;
e) the manner of monitoring over the obligations of the fund members;
ë) supervision of the fund management;
f) the manner in which fund assets are invested;
g) fees which the Fund operator may charge to members of the Fund;
gj)the information the members of the Fund provide to clients on the investor protection scheme.

Chapter XI
PENALTIES AND FINES

Article 366
Civil or Criminal Liability

The punitive measures and penalties provided in this Law do not exclude civil or criminal liability as defined in other legal acts.

Article 367
Persons entitled to engage in regulated activities

A person who exercises or pretends to exercise regulated activities in or from the territory of the Republic of Albania, without being authorized, registered, recognized or excluded, pursuant to this Law, commits an offence pursuant to Article 170 point "ç" of the Criminal Code of the Republic of Albania and shall be punished in accordance with the provisions of the Criminal Code of the Republic of Albania.

Article 368

Misleading Statement and Practices

When not constituting a criminal offence, negligent or fraudulent conduct, false or misleading statements promises or forecast or the concealment of material facts are considered as administrative offences and it shall be imposed a fine up to ALL 3 000 000 on the legal person and a fine of up to ALL 1 000 000 on the responsible person.

Article 369
General provisions

1. Any intentional or unintentional violation of the provisions of this Law by an act or omission for which the imposition of administrative penalties is prescribed.
2. In addition to the supervisory measures, predicted in this law, an administrative penalty in form of a fine shall be imposed for the administrative violations, predicted in the following articles.
3. Where the Authority imposes an administrative penalty in form of a fine, it shall ensure that the administrative penalty is:

a) effective and preventive; and
b) proportional to the degree of consequences which led to the imposition of the fine.

4. The Authority shall determine the amount of the administrative penalty in accordance with this Law, including the nature, impact and extent of the violation.
5. When imposing administrative penalties, the authority shall apply the principle of uniformity, according to which similar penalties shall be imposed for similar violations.
6. Administrative and criminal offences for activities relating to digital securities tokens shall be punished in accordance with the law of the respective field.

Article 370
Administrative penalties for authorized, recognized and registered entities

1. The Authority shall impose an administrative penalty in form of a fine of ALL 500 000 to ALL 2 000 000 on the licensed, recognized or registered investment firm, institutions and market operators, as well as an administrative penalty in form of a fine of ALL 100 000 to ALL of 500

000 on the administrator and responsible persons of the licensed, recognized, registered investment firm, institutions and market operators responsible for the following offences if they:

a) do not inform the Authority in advance of the change of the qualifying shareholder and/or do not obtain the Authority's prior consent for such change;

b) do not inform the Authority in advance of a significant change in the status of the license and/or do not obtain the Authority's prior approval for such a change;

c) do not inform the Authority in advance of a change of key person or key personnel and/or do not obtain the Authority's prior approval for such a change;

ç) do not submit to the Authority the annual financial statements, the annual report and the audit report;

d) do not pay the annual fee to the Authority;

dh) hamper the Authority in exercising its supervisory powers under Law No. 9572 dated 3.7.2006 "On the Financial Supervisory Authority", as amended, and this Law.

2. The Authority shall impose an administrative penalty in form of a fine between ALL 1000 000 and ALL 2000 000 on the market institution, which does not comply with the requirements of Article 123 of this Law on related party transactions.

3. The Authority shall impose an administrative fine of ALL 2 000 000 to ALL 3 000 000 on the legal person, legal person, which does not comply with the requirements of Articles 63 -69 of this Law on Clients Protection, Articles 70-78 of this Law on Research and Recommendations, Articles 80-87 of this Law on Client Orders, Article 88 of this Law on Transactions and Articles 91-93 of this Law on Best Execution.

4. The Authority shall impose an administrative penalty:

a) with a fine of EUR 1 000 000 to EUR 3 000 000 on the exchange or operator of the Multilateral Trading Facility (MTF) in cases when:

i. accepts, lists and accepts for trading securities without a full prospectus where approval of the prospectus is required;

ii. it interrupts the trading for unreasonable reasons, contrary to its regulations.

b) with a fine of ALL 500 000 to ALL 1 000 000 on the administrator or person responsible.

5. The Authority shall impose an administrative penalty:

a) with a fine of ALL 5 000 to ALL 10 000 000 on the Stock Exchange or the MTF in cases where it does not report to the Authority and other law enforcement authorities in cases of market abuse;

b) with a fine of ALL 1 000 000 to ALL 2 000 000 on the administrator or the person responsible.

6. The Authority shall impose an administrative penalty in form of a fine from ALL 3 000 000 to ALL 5 000 000 on the Credit Rating Agency authorized for non-compliance with its obligations under Articles 234-242 of this Law.

7. The Authority shall impose an administrative penalty on the issuer as follows:

a) for failure to publish the prospectus in accordance with the law:

i. from ALL 2 000 000 to ALL 3 000 000 on the legal person;

ii. from ALL 500 000 to 1 000 000 on the administrator and responsible person;

b) in cases where the prospectus is not to be published when the prospectus is to be published in accordance with this Law, except as provided for in the Criminal Code:

i. from ALL 1 000 000 to ALL 2 000 000 on the legal person;

ii. from ALL 2 000 000 to ALL 5 000 000 on the administrator and the person responsible for the prospectus.

c) for non-use of funds according to the purpose of the prospectus:

i. from ALL 10 000 00 to ALL 20 000 000 on the legal person;

ii. from ALL 2 000 000 to ALL 5 000 000 on the administrator and the person responsible for the prospectus;

ç) for the publication of false data in the prospectus, except as provided for in the Criminal Code:

i. from ALL 20 000 000 to ALL 30.000.000 on the legal person;

ii. from ALL 5 000 000 to ALL 10 000 000 on the administrator and the person responsible for the prospectus;

d) for concealment of the declaration of facts of material importance, conflict of interest and transactions with related parties:

i. from ALL 1 000 000 to ALL 2 000 000 on the legal person;

ii. from ALL 5 000 000 to ALL 10 000 000 on the administrator and the person responsible for the prospectus;

8. The Authority shall impose fines on the listed companies in the following cases:

a) In case of failure to comply with the requirements of Articles 300-301 of this Law for reporting to the Authority:

i. from ALL 2 000 000 to ALL 3 000 000 on the legal person;

ii. from ALL 500 000 to ALL 1 000 000 on the administrator and responsible person;

b) In cases of violation of the provisions of Article 302 of this Law for the publication of the annual report:

i. from 5% of the market capitalization to maximum ALL 30 000 000 on the legal entity;

ii. from ALL 1 000 000 - ALL 3 000 000 on the administrator and the responsible person;

c) for the non-immediate publication of information, which affects prices, in violation of the provisions of Article 303 of this Law:

i. from 10% of the market capitalization to maximum ALL 30 000 000 on the legal entity;

ii. from ALL 3 000 000 to ALL 5 000 000 on the administrator and the responsible person.

9. The Authority shall impose an administrative penalty in form of a fine from ALL 500 000 to ALL 1 000 000 on the licensed, recognized and registered investment firm, institutions and authorized market operators for the following offences;

a) they do not own the respective capital according to the requirements of this Law

b) for other offences of any applicable requirement laid down in this Law;

10. In addition, the Authority shall require the authorized person to dismiss or suspend for a specified period a key person or a member of the key staff responsible for the breach of the relevant applicable legislation.

Article 371
Repetition of violations

1. In the event that the violation is repeated by the same authorised, recognized or registered person, according to provisions of Article 370 of this Law, the fine shall be doubled on each repetition of the violation.
2. The repetition of the same violation more than twice shall be a reason for the Authority to request the dismissal of the key persons or staff concerned.

Article 372
Administrative sanctions against provisional administrators and liquidators

The Authority imposes an administrative sanction with a fine from ALL 1 000 000 to ALL 2 000 000 on the temporary administrator, who does not submit the reports required by this Law or on the liquidator who does not submit the reports required by this law.

CHAPTER XII
INFORMATION MANAGEMENT

Article 373
Register of Licenced, Registered and Recognised Persons

1. The Authority must keep a register in such form as it deems appropriate which is made available for public inspection containing an entry in respect of every:

a) licenced, registered or recognised person;
b) licensed or recognised market institutions;
c) any person in respect of whom a disqualification order is in force.

2. The Register must contain:

a) the name of the person;
b) their business address;
c) the type of licence held;
ç) the date the licence was granted;
d) the names of registered persons acting for or employed by licensed persons;
dh) any other matter that the Authority considers appropriate.

Article 374
Restrictions on the Disclosure of Information

1. Information shall be considered restricted for the purposes provided under this Law where it relates to the business or other affairs of any person who is licenced, registered or recognised and must not be disclosed by a person mentioned in paragraph 3 of this Article (“the primary recipient") or any person obtaining the information directly or indirectly from him without the consent of the person from whom the primary recipient obtained the information and if different, the person to whom it relates.
2. Subject to paragraph 4 of this Article, information is restricted information for the purposes of this paragraph if it was obtained by the primary recipient for the purposes of, or in the discharge of their functions under this Law or any by-laws made under it.
3. A primary recipient for purposes of paragraph 1 of this Article includes:

a) the Authority;
b) any Authority or body managing an investor compensation scheme established under this Law;
c) the Bank of Albania;
ç) any person appointed to exercise any investigation powers of under this Law;
d) any officer or assistant of the persons in paragraphs 3, points “a” to “ç” under this Article.

Information must not be treated as restricted information for the purposes of this Article if it has been made available to the public by virtue of being disclosed in any circumstances in which or for any purpose for which disclosure is not precluded by in this chapter.

Article 375
Exemptions to the Restrictions on Disclosure

2. Exceptions to the restriction on the provision of information are considered cases where the information data:

a) for the purposes of initiating and/or criminal proceedings;
b) for the purpose of initiating and/or for the purpose of civil or disciplinary or judicial proceedings;
c) in order to allow or support the Authority in the exercise of all powers conferred by this law or by any other law in force in the Republic of Albania;
ç) in order to allow or support an authorized market institution in performing functions under this Law;
d) in order to enable or support the Authority or a body designated to it administered an investor compensation scheme under this Law in the execution of its functions in accordance with the schedule;
dh) in order to enable or support the Bank of Albania in the performance of its functions.
e) in order to enable or support a liquidator in carrying out the tasks referred to in Law No. 9901, dated 14.4.2008, "On Entrepreneurs and Companies";

ë) in order to allow or support any designated person to exercise a power of investigation or any auditor appointed under this Law in the conduct of their functions;

f) for the purpose of enabling or supporting a foreign regulatory authority in the exercise of its regulatory functions.

2. The provision of information to the Ministry of Finance shall not be prohibited where the provision of information is in the interest of investors or in the interest of the public.

3. The provision of information to enable or assist a public body or other body in the performance of its tasks shall not be prohibited.

4. It shall not be prohibited the provision of:

a) any information contained in notices or copies of notices provided pursuant to this Law, the content of which has not been made public by the person to whom it has been made available, or by persons who have received the information directly or indirectly;

b) any information contained in the register held in accordance with the provisions of this Law, by a person who has read the register or by any person who receives information directly or indirectly from it.

CHAPTER XIII
RETAIL CONSUMER COMPLAINTS

Article 376
Consumer Complaints

1. The Authority may make arrangements to create a scheme for the investigation of retail consumer complaints arising in connection with regulated activities conducted by licensed, registered or recognised persons.
2. The complaints scheme must be designed so that complaints are handled quickly.

CHAPTER XIV
TRANSITIONAL PROVISIONS AND ENTRY INTO FORCE

Article 377
Transitional provisions

1. All entities licensed in accordance with the requirements of law no. 9879, dated 21.2008 "On Securities" will continue their activity, provided that within 18 months from the date of the entry into force of this law, they have to adapt to the new requirements of this law.
2. The provisions of Chapter X on "Investors Compensation Scheme" shall enter into force 5 years after the approval of this Law, as the appropriate conditions for a developed capital market need to be met first.

Article 378
Repeal

With the entry into force of this Law, the Law No.9879, dated 21.02.2008, "On Securities" and the Law No. 10158, dated 15.10.2009 "On Corporate and Local Government Bonds" shall be repealed.

Article 379
By-Laws

The Authority shall issue by-laws in line with this Law within 18 months from its approval.

Article 380
Entry into Force

This Law shall enter into force on 1 September 2020

CHAIRMAN
Gramoz Ruçi

Adopted on 14.05.2020