



**FINANCIAL SUPERVISORY AUTHORITY
THE BOARD**

REGULATION

**ON ALLOWED ASSETS, RESTRICTIONS AND MAXIMUM LIMITS OF
PENSION FUND INVESTMENTS**

Adopted by Board Decision no. 1 of 28 January 2010

Amended by Board Decision no. 109 of 18 October 2010

Article 1

Legal Basis and Purpose

1. This Regulation is drafted pursuant to Article 63 of Law no. 10197 of 10 December 2009 “On Voluntary Pension Funds”, and Article 14 (3) of Law no. 9572 of 3 July 2006 “On the Financial Supervisory Authority”.
2. The purpose of this Regulation is to specify allowed assets in which pension funds may be invested, the restrictions and the maximum allowed investment limits.

Article 2

Allowed Investments

The assets of a pension fund may be invested only in the following instruments:

- a) treasury bills, bonds and other securities issued or guaranteed by the Republic of Albania;
- b) treasury bills, bonds and other securities issued or guaranteed by EU Member States or OECD member countries or by the relevant central banks;
- c) treasury bills, bonds or other securities issued or guaranteed by the Central European Bank, the European Investment Bank and the World Bank;
- d) bank deposits in licensed banks, with maturity under 12 months;
- e) debt securities with a rating of BBB or higher as rated by Standard & Poor’s or Fitch, a rating of Baa3 or higher as rated by Moody’s, a rating of BBB (low) or higher as rated by DBRS (Dominion Bond Rating Service);
- f) shares or units in investment funds licensed in an EU Member State, the only investments of which are in the following indices: CAC 40, DAX, FTSE 100, S&P 500, Dow Jones Industrial Average, Nikkei 225 (Japan), Sensex (India), All Ordinaries (Australia) and Hang Seng Index (Hong Kong), or in bonds, treasury bills and other securities issued and guaranteed by EU Member States.

Article 3

Investment Restrictions and Allowed Limits

The assets of a pension fund may not be invested more than:

- a) 100% in Treasury Bills, bonds and other securities issued or guaranteed by the Republic of Albania;
- b) 20% in bank deposits in the same bank;
- c) 30% in debt securities with a rating of BBB or higher as rated by Standard & Poor's or Fitch, a rating of Baa3 or higher as rated by Moody's, a rating of BBB (low) or higher as rated by DBRS (Dominion Bond Rating Service), but no more than 10% in a single issuer;
- d) 30% in shares or units in investment funds licensed in an EU Member States, and:
 - i. the assets of which are invested in the following indices: CAC 40, DAX, FTSE 100, S&P 500, Dow Jones Industrial Average, Nikkei 225 (Japan), Sensex (India), All Ordinaries (Australia) and Hang Seng Index (Hong Kong); or
 - ii. the assets of which are invested in bonds, Treasury Bills, and other securities issued or guaranteed by EU Member States;
- e) 100% in bonds, treasury bills, or other securities issued or guaranteed by the Central European Bank, the European Investment Bank and the World Bank;
- f) 100% in bonds, treasury bills and other securities issued or guaranteed by EU Member States or OECD countries or by the relevant central banks, but:
 - i. no more than 30% in a single issuer.
 - ii. the ceiling shall be increased to 100% in a single issuer, after receiving approval by FSA, based on the arguments provided for such an investment policy.

Article 4 **Entry into Force**

This Regulation shall enter into force on the date of its approval by the Financial Supervisory Authority Board.

Elisabeta Gjoni
CHAIRPERSON