



FINANCIAL SUPERVISORY AUTHORITY

THE BOARD

REGULATION

ON THE CONTENTS OF PENSION FUND CONTRACT AND PROSPECTUS

Adopted by Board Decision no. 2 of 13 January 2011

Article 1

Purpose

This Regulation lays down detailed rules on the content of voluntary pension fund contracts and prospectuses.

Article 2

Legal Basis

This Regulation is adopted pursuant to the provisions of Article 9 (4) of Law no. 10197 of 10 December 2009 “On Voluntary Pension Funds,” hereinafter referred to as the “Law”.

Article 3

Content of Pension Fund Contracts

In addition to the requirements set out in the Law, the contract shall include the following data on fund members, employers, funds and depositary:

1. Pension fund members: first and last names, permanent and/or temporary place of residence, date of birth, nationality, ID card number (in the case of Albanian nationals) and/or passport number (in the case of foreign nationals);
2. Employers: name, registered office address, and NRC registration number;
3. Depositary: company name, legal form, registered office and address of the depositary, and number and details of the relevant operation licences issued by the Bank of Albania and the Authority;
4. Pension fund: name, number and date of issue of its management licence;
5. Methods and periods of notification of individual accounts to fund members;

6. The obligation of the management company to inform, and method of informing, fund members on any changes to the investment policy, and other operation rules affecting members' incomes;
7. A provision stating that discontinuation of pension payment:
 - a) does not imply discontinuation of membership in the fund;
 - b) and that fund members will not be penalized if they cease paying contributions to the fund.
8. Obligation of fund members to pay a management fee to the management company;
9. Obligation of fund members to pay any account transfer expenses, which may be related to additional requirements of notification of individual account balance.

Article 4 Statement

The contract shall contain a paragraph that includes a statement of the person becoming a member of the fund, under which he confirms that he has understood and accepted the prospectus and applicable fees.

Article 5 Contract

The contract shall be the same for all fund members. A contract template shall be filed to the Authority and posted on the management company's website.

Article 6 Prospectus Content

1. In addition to the requirements set out in the Law, a prospectus shall include, in its introduction:
 - a) its date of publication;
 - b) a statement that the pension fund organization and management is carried out exclusively by the pension fund management company;
 - c) a statement that fund assets are entirely separated from other assets managed by the management company.
2. In addition to the requirements set out in the Law, a prospectus shall contain the following data on the fund:
 - a) the date of fund start-up, which implies the publication date of the first invested unit, or the publication date of the first prospectus;
 - b) main directions of the fund investment policy, and risk management rules, including:
 - (i) an explanation of the terms related to the investment policy;
 - (ii) risk management rules;

- (iii) maximum and/or minimum portion of fund assets that may be invested in various types of securities, bank deposits, in line with the management company's investment policy;
 - (iv) investment-related decision-making procedure;
 - (v) the procedure for changing the investment policy and a clear explanation of the procedures and periods of notification of members with regard to investment policy changes;
- c) historical net income of the fund, stated in figures and charts, including a note that the level of income is not guaranteed;
 - ç) data on the level of fees applied by the fund management company, and the level of expenses, including an explanation of types of fees and expenses and the method of calculating them;
 - d) rights and responsibilities of the fund management company and fund members in case of individual account asset transfer to another fund;
 - dh) the vesting requirements for withdrawing funds accumulated in an individual account, and the vesting period for periodic benefits;
 - e) the method and periods of benefit payments made by the management company.
3. A prospectus shall contain a separate chapter with current data on the fund, stating in a summarized, visible and clear way:
- a) the net asset value of the fund;
 - b) the level of fees charged against services rendered by the management company;
 - c) the minimum amount of pension contribution;
 - ç) the current structure of fund assets, expressed as a percentage by type of investment: securities, bank deposits, etc., including investment ceilings applied to each type of investment.
4. A prospectus shall also include the following data on the fund management company:
- a) company name, legal form, registered office (and the head office where different from the registered office), the number of the licence issued by the Authority and the date of establishment and registration in the National Registration Centre;
 - b) if the management company manages other investment undertakings, a list of those undertakings;
 - c) names of the members of the board of directors, their brief curriculum vitae and indication if they are related in some way;
 - ç) the amount of registered capital of the management company and the names of the management company members, legal form, and an indication of the members' shares in the registered capital;
 - d) data on the statutory auditor of the management company.
5. A prospectus shall include information on the depositary, including its company name, legal form, registered office and address of the depositary, and number and details of the relevant operation licences issued by the Bank of Albania and the Authority.

Article 7

Prospectus Requirements

1. A prospectus shall be written in a clear language and shall be easy to understand.
2. A prospectus shall not include any untrue data, or data that might lead to false or wrong judgments about the fund, the management company or the pension system.
3. A prospectus may also contain other data that the management company deems useful for giving a better picture of the fund and the pension system.
4. A prospectus shall be in Albanian and shall be distributed free of charge to the current and/or potential members, and be published on the management company's website.
5. Management companies may also publish a simplified prospectus, which shall contain concise information on the management company. Simplified prospectuses shall be written in such a way that ordinary investors will find them easy in understand, and must also include a clear and detailed reference to the existence of a complete prospectus that may be provided on someone's request.

Article 8 Entry into Force

This Regulation shall enter into force immediately.

CHAIRPERSON

Elisabeta Gjoni