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FINANCIAL SUPERVISORY AUTHORITY

THE BOARD

REGULATION

ON THE SEPARATION OF BUSINESS OF VOLUNTARY PENSION FUND MANAGEMENT COMPANIES

Adopted by Board Decision no. 24 of 23 February 2011

Article 1

Purpose

This Regulation sets the criteria and standards for separating the activity of pension fund management from the management of collective investment undertakings, if a single licensed management company is involved in both types of activities.

Article 2
Legal Basis

This Regulation is adopted pursuant to the provisions of Article 23 (4) of Law no. 10197 of 10 December 2009 "On Voluntary Pension Funds," hereinafter referred to as the "Law".

Article 3
Allowed Investments

1. Management companies may invest pension fund assets in shares/units of collective investment undertakings they manage in compliance with the following requirements:

a) a management company may not invest more than 10% of the total assets of a pension fund in units/shares of other undertakings it manages;
b) if a pension fund assets are invested in units/shares in other undertakings managed by a management company, the latter shall not charge any management fees to the pension fund;

c) management companies shall notify pension fund members of the portion of their individual pension account assets invested in collective investment undertakings managed by them.

Article 4
Separation of Assets

1. Pension fund assets held with a depositary shall be clearly distinguishable from other assets the depositary holds for the same management company.
2. Management companies shall sign separate contracts with the depositary on the services it manages with regard to pension funds and collective investment undertakings in compliance with the legislation.

Article 5
Keeping Separate Accounts

Management companies shall reflect all the elements of their pension fund management activities in special records and accounts that shall be entirely separate from the management of collective investment undertakings.

Article 6
Keeping Separate Operating Units

1. Management companies shall keep separate operating units at their head offices for the management of pension funds and for the management of collective investment undertakings. A head office shall be the office the function of which is to manage pension fund assets, organize securities transactions, and perform capital market analyses.
2. Management companies shall produce, implement and regularly update internal documents that set procedures with regard to:

a) operating unit physical arrangements (authority, responsibility and separation of activities);
b) document flow and archiving;
c) transaction processing (place, time and way of completing transactions, and specific instructions on regulating the working methodology for each investment instrument, transaction execution in foreign exchanges, transactions in bonds and transactions in securities);
ç) confirmation (disclosure) and correction of errors;
d) daily reporting and harmonization of balances in this operating unit.

Article 7
Final Provisions

1. Management companies shall develop an internal rules of procedure in order to ensure the observance of the requirements laid down in this Regulation, which they submit to the Authority.

Article 8
Entry into Force

This Regulation shall enter into force immediately.

Chairperson

Elisabeta Gjoni