



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS
CENTRALNA BANKA REPUBLIKE KOSOVO
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

Under Article 35, paragraph 1, sub-paragraph 1.1 of the Law no. 03 / L-209 on the Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, no. 10/16 August 2010) and Articles 7, 13 and 20 of Law no. 04 / L-101 on Kosovo Pension Funds (Official Gazette of the Republic of Kosovo, no. 08/10 May 2012), the Board of the Central Bank of the Republic of Kosovo in its meeting held on April 30, 2015 approved the following:

Regulation on Individual Accounts of Participants

Article 1 Purpose and Scope

1. The purpose of this Regulation is to define the requirements for maintaining individual accounts of participants with defined contribution and accounts of contributors with defined benefit, which provide transparency with regard to the maintenance of pension contribution, administration and management of pension funds, best investment practices of pension funds.
2. This Regulation applies to the Kosovo Pension Fund of Savings TRUST (KPST), Supplementary Employer Pension Fund of ("Pension Fund") and Supplementary Individual Pension Provider ("Pension Provider").

Article 2 Definitions

1. All terms in this Regulation shall have the same meaning as the terms defined in Article 1 of Law no. 04 / L-168 on Amending and Supplementing the Law no. 04 / L-101 (Law on Kosovo Pension Funds) or the following definitions for the purpose of this Regulation:
 - 1.1. **"The statement of investment principles"** means the investment policy and investment development goals adopted by the pension entity for the investment of pension funds, which must be in accordance with the law and regulations of the CBK for pensions, or investment guidelines defined by pension entity and applied by their asset managers/holders.

- 1.2. "**Investment directives**" means orders and instructions made by the pension entity to the manager(s) or holders of funds specifying the terms, conditions and manner of investing pension assets in accordance with the statement of investment principles.
- 1.3. "**Investment performance**" means profit/loss realized on the investment of pension assets.
- 1.4. "**Financial Year**" means the period from 1 January to 31 December of that year.
- 1.5. "**Investment risk**" means the exposure of pension assets to uncertainties over the investment period, especially when the level of income is not fixed and guaranteed.
- 1.6. "**Pension entity**" means KPSF, Pension Funds and Pension Providers.
- 1.7. **Defined Benefit** means pension of specified amounts - a pension which is calculated according to a formula for which the employer or the participant individually has assumed the obligation to contribute annually a certain amount in accordance to the Bylaws of the Pension Fund or pension rules and actuarial valuation. The formula for a defined pension can be determined based on the amount of the average salary of participant and tenure of service of the employer, as may be defined further by the CBK, or otherwise set forth by pension regulations.
- 1.8. **Defined contribution** means specified pension contributions - Pension in which contributions made on behalf of participants are calculated as a percentage of their wages or in any other regular basis contribution deposited in individual accounts, where pensions are calculated solely on the basis of amounts contributed and any income, expenses, gains and losses (if any) allocated to individual accounts. The employer can choose the degree of his contribution, if degrees exist, on behalf of the participants they can choose their level of contribution, if such degrees exist. The employer can contribute partially or totally based on the amount paid by the participant. The participant may contribute solely on his own behalf.

Article 3

Pension Entity obligations toward pension participants and beneficiaries

1. In addition to other obligations stipulated by the Law on Pension Funds and the CBK regulations, pension entities shall fulfil to pension participants and beneficiaries the following obligations:
 - 1.1. Record keeping, accounting of contributions and investment income, shall be held in accordance with International Accounting Standards (IAS) and in compliance with additional rules and standards set by the CBK.
 - 1.2. Pension entity that provides pensions of defined contribution shall provide participants with an annual statement of the individual account.

- 1.3. Pension entity shall provide participants with information regarding pension regulation and investment of pension funds, as required by participants, in compliance with this Regulation.

Article 4

Individual Account Statement

1. The form and content:
 - 1.1. Form and content of individual account statements prepared by the Pension Entity, shall initially be approved by the CBK.
 - 1.2. Individual account statement must contain the following minimum information:
 - 1.2.1. Name, surname, personal identification number and address of the participant,
 - 1.2.2. Name of employer or contributing employers,
 - 1.2.3. Reporting period - date (from - until) for collection of contributions reflected on the statement form and date, if different from the "until" date.
 - 1.2.4. The amount of contributions that shows accurately the participants' contributions and contributions made by the employer or the employers on behalf of the participants.
 - 1.2.5. The amount of income or loss distributed from investments that is added to or deducted from the individual account.
 - 1.2.6. The accumulated balance of the individual account of the participants as the date "until".
 - 1.3. CBK may at any time require further necessary information to be included in the individual account statements used by Pension Funds and Pension Providers.
2. The time within which individual account statements must be provided.
 - 2.1. Pension Entity must provide individual account statements for pension participants at least once a year for free, within 3 months after the end of the financial year.
 - 2.2. Voluntary pension participant may at any time terminate participation in voluntary pension funds. But voluntary pension provider must provide the statement of account of their individual participants at least once a year for the period of participation.
 - 2.3. Pension Entities through their official web sites must provide participants with direct access at any time in their individual accounts statements.
 - 2.4. Individual account statements at the request of participants must be provided within 15 days from the date the request was submitted. Pension Entity may charge the participant with a reasonable for provision of the required statement.

Article 5

Relevant Pension Information

1. The duty to provide information on retirement:

- 1.1. Pension Fund shall provide complete information to their participants before their enrolment in the pension fund, regarding pension arrangement, pension management and administration, investment of pension funds and investment risk bared by the participant. A copy of the pension plan must be given to all participants immediately after signing for enrolment in the Pension Fund.
- 1.2. Prior to signing the pension contract, the pension provider should provide complete information to participants regarding pension arrangement, the investment risk beard by participants, terms, conditions, management fees, entry and exit from the scheme fees and other fees required by participants pay. A copy of the Pension Plan must be given to all participants immediately after becoming a member of the Pension Fund.
- 1.3. Pension entity shall prepare an annual report at the end of each financial year and publish it in its official website no later than 5 months after the end of the financial year.

1.4. The annual report shall contain the following information:

- 1.4.1. An overview of the annual report of the pension scheme, statistics on membership and developments during the year.
- 1.4.2. Review of investment policy, objectives and the actual investment developments.
- 1.4.3. Audited Financial Statements.
- 1.4.4. Independent expert's report in the case of pension regulation with a defined benefit.

1.5. Pension entities shall on their official website publish as follows:

- 1.5.1. Information regarding the Law on Pension Funds in Kosovo, CBK regulations for pensions, pension rules, tax legislation, social and labour legislation as well as other legislations that may affect their rights and obligations within 30 days of entry into force of these Regulation.
- 1.5.2. Changes in the statement of investment principles and directives, within 30 days from the date the change becomes effective.
- 1.5.3. Besides the obligation of publication in the official website of the changes under sub paragraphs 1.5.1 and 1.5.2 of this paragraph, pension entities shall first notify the CBK.

1.5.4. Information shall be published in the official languages applicable in Kosovo.

1.6. Pension entity, at the request of the participants, shall provide the following information for a reasonable fee, within 15 days:

1.6.1. A copy of the Financial Annual Audited Report (s).

1.6.2. Information on the extent of investment opportunities, the actual portfolio performance and return on investments.

1.6.3. Risk exposure, measures applied to investment risk and risk management processes, fees and expenses related to the investment of pension assets.

1.6.4. Estimated retirement benefit and various options for pension retirement payments for participants expected to retire within 2 years.

1.6.5. Other relevant information on pensions to be available from records maintained by the Pension Entity.

Article 6

Implementation and Remedial Measures

Violations of the provisions of this Regulation shall be subject to the measures provided for in Article 32 and 33 of the Law on Pension Funds of Kosovo.

Article 7

Repeal

With the entry into force of this Regulation shall be repealed Rule 7 on Amending Rule on security and maintenance of the participant's individual account and other information relevant to the retirement of the date July 25, 2005.

Article 8

Entry into force

This Regulation shall enter into force on May 15, 2015.

Chairman of the Board of the Central Bank of the Republic of Kosovo

Bedri Peci