



BANKING AND PAYMENTS AUTHORITY OF KOSOVO
AUTORITETI BANKAR DHE I PAGESAVE I KOSOVËS
BANKARSKI I PLATNI AUTORITET KOSOVA

Pursuant to the provisions of UNMIK Regulation No. 2005/20, On Pensions in Kosovo, dated 29 April 2005, on Amending UNMIK Regulation No 2001/35,

For the purpose of execution of Section 19 on the Transfer from a Supplementary Pension Fund and of Section 24 on the Transfer of a Supplementary Individual Pension, of the UNMIK Regulation No. 2005/20, (the "Pensions Regulation"), the Governing Board of the Banking and Payment Authority of Kosovo, at its meeting held on March 16, 2006 adopts the following:

Rule 20 on Amending Rule on Transfers and Transfer Payments Of Pension Assets dated October 23, 2002

Section 1

Scope and Purpose of this Rule

1.1 Scope of Rule

This Rule applies to Supplementary Employer Pension Funds ("Pension Funds") and to Supplementary Individual Pensions ("Pension Providers") and to the participants and beneficiaries of such Pension Funds and Pension Providers. It also applies to the Kosovo Pension Savings Trust to the extent the Trust is a transferee fund.

1.2 Purpose of the Rule

In accordance with the Pensions Regulation, this Rule establishes procedural requirements for the transfer of pension assets to another pension entity, and the manner of paying such transfers in accordance with the direction of the participants or beneficiaries.

Section 2

General Provisions

2.1 Definitions

All terms used in this Rule are as defined and stated in the Pensions Regulation and/or as further defined in this Rule.

“Deferred pension” means a pension benefit to which a participant has a vested right upon termination of employment prior to pension age but which is postponed until pension age.

“Pension entity” refers to Pension Funds or Pension Providers, or to the Kosovo Pension Savings Trust, as the context appropriately indicates.

“Termination of employment” means the cessation or severance of the Employer-Employee relationship, which was the basis for participation in a Pension Fund, for any cause other than retirement, qualifying disability, or death.

“Vested right” of a participant in a Defined Contribution Pension is the amount of Pension Assets allocated to his/her individual account. “Vested right” of a participant in a Defined Benefit Pension is the amount of pension assets determined in accordance with the provisions in the applicable Pension Bylaws or Pension Rules. This determination is made pursuant to the method or methods of calculation approved by the BPK for determining the present value(s) of future benefit(s). A vested right cannot be forfeited or lost. However, the right to use and receive the pension assets arises only at, or when a participant reaches, pension age, early retirement, qualifying disability or death.

Section 3

Transfers from a Supplementary Employer Pension (Pension Fund)

3.1 The right of a Participant to Transfer Pension Assets

a) Stipulations in the Pension Bylaws. The Pension Bylaws must provide a participant the right to transfer the pension assets to which he or she has a vested right in the following circumstances:

1. Termination of employment.
2. Liquidation or bankruptcy of the Employer.
3. Termination and liquidation of the Pension Fund.
4. A change in the participant's occupational category, in the case where the Employer has established specific pension arrangements or Pension Funds for different occupational categories of its employees.

b) Vested right to pension assets. The amount of “vested right” to a pension assets referred to in a) above, shall be as described in the Pension Bylaws and determined in accordance with Rule 17 of these Rules.

c) Deferred pension. The Pension Bylaws must also provide for a right of a participant whose employment is terminated to allow him/her to leave his vested right in the Pension Fund as a deferred pension. The provisions shall clearly define the terms and conditions applicable to such deferred pensions. A participant may, in accordance with this Rule, transfer his/her vested right to a deferred pension at anytime.

3.2 Procedures in Making Transfers of Pension Assets

In order to complete the transfer of pension assets from a Pension Fund (transferor) to another Pension Fund, Pension Provider or to the Trust, (transferee) the following requirements should be satisfied:

a) Enrollment or participation in a transferee Pension Entity

Every Pension Fund or Pension Provider sponsoring a pension arrangement shall, in the Pension Bylaws or Pension Rules, establish the terms and conditions for enrollment or participation in their pension arrangement(s). To enroll participants the following procedures apply:

1. Enrollment or participation forms shall be made available by the pension entity to all proposed participants to complete and sign.
2. The approval of the proposed enrollment or participation by the transferee pension entity authorizes the commencement of pension contribution.

3. The receipt by the pension entity of the first pension contribution for the account of an individual completes his/her participation in the pension program.

b) Notification. Every transfer of pension assets requires prior written notice signed by the participant and served to the transferor Pension Fund.

1. The written notification must conform to the following requirements:

- (i) The transferee Pension Entity shall provide the participant a notification form. The form shall request for such information as required by the transferee Pension Entity to enroll the participant, including beneficiary information.

- (ii) The participant shall complete and sign the notification.

- (iii) A counter-signature of an officer of the transferee Pension Entity is proof of the acceptance of participant's proposed enrollment in the transferee Pension Entity.

- (iv) The transferor Pension Fund receives the notification.

2. Duty to serve notice. The participant has the duty to notify the transferor Pension Fund of the transfer of his/her pension assets.

Notification can be served at any time:

- (i) After termination, in the case of termination of employment.

Upon termination, the vested right of a terminated employee shall be considered as deferred pension until he/she serves the notification in substantial conformity with this Rule.

- (ii) During the liquidation, bankruptcy or imminent bankruptcy, in the case of liquidation or bankruptcy of the Employer. The highest governing body the Employer has the fiduciary duty to notify the Pension Fund, and the Pension Fund has a fiduciary duty to notify participants, of an imminent bankruptcy of the Employer as soon as such condition becomes reasonably known to or perceived by these bodies or any member thereof. Furthermore, the highest governing body of the Employer has the fiduciary duty to notify the Pension Fund, and the

Pension Fund has a duty to notify participants, of any imminent failure of the Employer to pay Pension Contributions as required by applicable employment contracts or collective bargaining agreements consistent with the provisions of the Pension Bylaws.

(iii) During the termination or liquidation of the Pension Fund in accordance with the schedules announced by the Special Manager or the board of directors who, in accordance with Rule 21 of these Rules, is charged with the termination the Pension Fund and/or liquidation and distribution of pension assets.

(iv) At any time, in the case of a change in the occupational category of a participant when separate Pension Funds are provided for different occupational categories within a single Employer.

c) Payment of transfer of pension assets. The transferor Pension Fund shall make the payment of the transfer of pension assets in conformity with the following guidelines:

1. The transfer payment shall be made out directly to the transferee Pension Entity as indicated in the written notification described in the preceding Sub-section.

2. The transfer payment shall be made no later than 10 days from the date the notification is received by the transferor Pension Fund.

3. The transferor Pension Fund shall, in making the transfer payment, notify the participant of such transfer. The transferee pension entity must also be notified, accordingly, if any part of the transferred pension assets is favored with any tax or other fiscal incentives, describing the nature and amount of such incentive(s).

4. The participation of the terminated employee in the transferor Pension Fund ceases on the 10th day his/her written notification is received by the transferor Pension Fund, provided that the requirement described in paragraph 2 above has been complied with.

Section 4

Transfers of a Supplementary Individual Pension (Pension Providers)

4.1 The right of a Participant to Transfer Pension Assets

a) Stipulations in the Pension Rules. The Pension Rules must provide for the right of a participant to transfer his or her "Vested Right" to his/her pension assets in the following events:

1. On request of the participant.

2. Liquidation or bankruptcy of the Pension Provider.

3. Termination and liquidation of the Pension Program.

b) Vested right to pension assets. The amount of “vested right” to pension assets referred to in a) above, shall be as described in the Pension Rules and determined in accordance with Rule 18 of these Rules.

c) Deferred pension. The Pension Rules must also provide the participant the right to suspend or terminate contributions to the pension program and allow him/her to leave his vested right as a deferred pension. The provisions shall clearly define the terms and conditions applicable to such deferred pensions. A participant may, in accordance with this Rule, transfer his/her vested right to a deferred pension at anytime.

4.2 Procedures in Making Transfers of Pension Assets

In order to complete the transfer of pension assets from a Pension Provider (transferor) to another Pension Entity (transferee) the following requirements must be satisfied:

a. Enrollment or participation in a transferee Pension Entity. Every Pension Fund or Pension Provider sponsoring a pension arrangement shall, in their Pension Bylaws or Pension Rules, establish the terms and conditions for enrollment or participation in their pension arrangement(s). To enroll participants the following procedures apply:

1. Enrollment or participation forms shall be made available to all proposed participants to complete and sign.
2. The approval of the proposed enrollment or participation by the transferee Pension Entity authorizes the commencement of pension contribution.
3. The receipt by the Pension Entity of the first pension contribution for the account of an individual completes his/her participation in the pension program.

b) Notification. Every transfer of a pension asset requires prior written notice signed by the participant and served to the transferor Pension Provider.

1. The written notification must conform to the following requirements:
 - (i) The transferee Pension Fund or Pension Provider shall provide the participant a notification form. The form shall contain request for such information as may be required by the transferee Pension Entity to enroll the participant.
 - (ii) The participant shall complete and sign the notification.
 - (iii) A counter-signature of an officer of the transferee Pension Fund or Pension Provider is proof of the acceptance of the participant’s proposed enrollment in the transferee Pension Fund or Pension Provider.
 - (iv) The transferor Pension Provider receives the notification.
2. Duty to serve notice. The participant has the duty to notify the transferor Pension Provider of the transfer of his/her pension assets. Notification can be served at any time on request of the participant, and:

(i) During the liquidation, bankruptcy or imminent bankruptcy, in the case of liquidation or bankruptcy of the Pension Provider. The highest governing body the Pension Provider has the fiduciary duty to notify participants of an imminent bankruptcy of the Pension Provider as soon as such condition becomes reasonably known to or perceived by this body or any member thereof.

(ii) During the termination or liquidation of the pension program in accordance with the schedules announced by the Special Manager, Receiver, or the board of directors who, in accordance with the applicable Rules on Banking and Insurance and/or Rule 21 of these Rules, is charged with the termination the pension program and/or liquidation and distribution of pension assets.

(iii) At any time, in the case of a change in the occupational category of a participant when separate Pension schemes are provided for different occupational categories by a Pension Provider.

c) Payment of transfer of pension assets. The transferor Pension Provider shall make the payment of the transfer of pension assets in conformity with the following guidelines:

1. The transfer payment shall be made out directly to the transferee Pension Fund or Pension Provider as indicated in the written notification described in the preceding Sub-section of this Rule.

2. The transfer payment shall be made no later than 10 days from the date the notification is received by the transferor Pension Provider.

3. The transferor Pension Provider shall, in making the transfer payment, notify the participant of such transfer. The transferee Pension Entity must also be notified, accordingly, if any part of the transferred assets is favored with any tax or other fiscal incentives, describing the nature and amount of such incentive(s).

4. The participation of an individual in the pension program of the transferor Pension Provider ceases on the 10th day his/her written notification is received by the transferor Pension Provider, provided that the requirement described in paragraph 2 above has been complied with.

Section 5

Transfers to the Kosovo Pension Savings Trust

5.1 The right of a Participant to select the Trust

A participant may select the Trust to be the transferee fund for Pension Assets held by a Pension Fund or a Pension Provider. Only participants who have not yet reached age 65 may select the Trust to be the transferee fund.

5.2 Consolidation of Individual Accounts

The Pension Assets of participants transferred to the Trust shall be transferred to existing Individual Accounts, if such participants are already participating in the Trust. The transfer shall be reported on the next regular statement provided by

the Trust. If participants do not have existing Individual Accounts, such Individual Accounts shall be established by the Trust.

5.3 Payment of Pension by the Trust

The Trust shall make available to participants transferring their Pension Assets to the Trust the same services as are provided to other participants. The Trust shall make available the payment options available to other participants on the same term, such as lump sum payments, phased payments or annuities.

Section 6 Entry into Force

This Rule as amended shall enter into force on April 01, 2006.

Michel Svetchine
Managing Director