



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 April 29 2005, on Amending UNMIK Regulation No 2001/35,

For the purpose of execution of Sections 8.4 (d); 8.5 and 8.6 of the Pensions Regulation in regard to the maintenance of Individual Accounts and the provision of Individual Account statements to participants in a Defined Contribution pension arrangement and to establish other requirements in order to ensure utmost transparency in the administration and management of pensions particularly of the types where the participants bear investment risks as is true in a Defined Contribution pension scheme.

The Governing Board of the Banking and Payment Authority of Kosovo, at its meeting held on March 16, 2006 adopts the following:

Rule 7 on Amending Rule on the Provision and Maintenance of Participants' Individual Accounts and Other Relevant Pension Information dated July 25, 2002

Section 1

Scope and Purpose of this Rule

1.1 Scope of Rule

This Rule applies to the Kosovo Savings Pension Trust ("the Trust"). This Rule also applies to Supplementary Employer Pension Funds ("Pension Fund"), and Supplementary Individual Pension Providers ("Pension Provider") providing or seeking to provide Defined Contribution pensions, and where applicable, to providers of Defined Benefit pensions.

1.2 Purpose of the Rule

This Rule prescribes requirements for the appropriate maintenance of the Individual Accounts of participants in a Defined Contribution Pension pursuant to the provisions of Sections 8.4 (d), 8.5 and 8.6 of the Pensions Regulation. It is also the purpose of this Rule to establish guidelines to ensure transparency in matters relating to the handling of pension contributions, administration and

management of pension assets, investment practices and performance that apply to all pension entities.

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.

“Investment principles” refers to the investments policies and investment performance objectives adopted by the pension entity for the investment of pension assets whether expressed in the Pension Bylaws, Pension Rules or in the investment directives issued to Asset Managers and/or Custodians.

“Investment directives” refer to the orders or instructions made by the pension entity to the Asset Manager(s) and/or Custodians specifying the terms, conditions and manner of investing pension assets consistent with the statement of investment principles.

“Investment performance” means the gain or profit realized, or the loss incurred, in the investment of pension assets. It could be expressed as percentage of invested pension assets or quantified as to amounts.

“Investment risk” refers to the exposure of pension assets to uncertainties of investment performance. Investment risk is inherent when the rate of return is not fixed and guaranteed.

“Pension entity” includes, unless the context indicates otherwise, the Trust, Pension Funds and Pension Providers.

“Significant change in the investment principles” occurs when:

1. The investment policies and objectives are amended, or
2. The standing investment directive(s) to the Asset Manager(s) or Custodian is changed, or
3. A change in the investment principles is considered significant by the governing body of the pension entity or the BPK.

2.2 Obligations to Pension Participants and Beneficiaries

In addition to other obligations provided for in the Pensions Regulation, these Rules, Pension Bylaws or Pension Rules, pension entities owe their participants and beneficiaries the following obligations:

- a) Proper record keeping and accounting of contributions and investment returns. No pension entity shall commence collection of pension contributions unless it has, in place, adequate record keeping and accounting systems to properly

record pension contributions and capable of accounting investment returns and of allocating pension assets into Individual Accounts of participants.

b) Individual Accounts. Every pension entity providing a Defined Contribution pension arrangement shall provide participants a report concerning Individual Accounts.

c) Annual report. Pension entities are obligated to make available to all participants an annual report.

d) Pension information. Every pension entity shall provide participants information about the pension arrangement and investment of pension assets requested by a participant in accordance with this Rule.

Section 3 Individual Account Statement

3.1 Form and Contents

The format of the Individual Account statement to be provided to participants shall be adopted by the Trust for the Savings Pension.

Individual Account statement forms to be used by Pension Funds and Pension Providers must be submitted for approval to the BPK prior to their use.

All Individual Account statement must contain the following minimum information:

a) The complete name and address of the Participant and the corresponding identification number, if applicable.

b) The name of the contributing employer or employers.

c) The “as of” or “cut-off” date for the receipt of contributions reflected in the statement and the applicable asset valuation date, if different from the “cut-off” date.

d) The amount of contributions appropriately indicating the participant’s own contribution and the contribution made by the employer or employers on behalf of the participant.

e) The amount of investment income or loss that is added to or deducted from the account (allocated investment return).

f) The accumulated balance of the account as of the “cut-off” date.

g) The BPK may, from time to time in the interest of the participants and beneficiaries, require other information necessary to be included in the Individual Account statements used by Pension Funds and Pension Providers.

3.2 Time Within Which to Provide Individual Account Statements

a) Mandatory requirement. Individual Account statements shall be provided annually (once every period of (12) twelve months), free of cost, to individual participants within nine (9) months following the end of the Trust’s fiscal year.

Individual Account statements for participants of supplementary pensions may be “cut-off” on any month-end. Providers of supplementary pensions shall provide Individual Account Statements to their participants at least annually.

b) On request. Individual Account statements as of the end of any valuation month shall be provided to any participant within (30) thirty days of his or her request. For this purpose, the pension entity may charge a fee not exceeding the reasonable cost of providing the requested statement.

Section 4

Relevant Pension Information

4.1 Duty to Provide Pension Information

To promote utmost transparency in the administration and management of every pension arrangement, all pension entities shall provide the following information to their participants:

a) Mandatory requirement

1. For Supplementary Employer Pension. Every Pension Fund must discuss the Pension Bylaws with all pension eligible employees before the Pension Fund is established and with a new participant prior to his or her enrollment, making sure that all pension participants have clear and adequate understanding of the pension arrangement, the pension administration and management, the investment of pension assets and the investment risks that the participants bear. A copy of the Pension Bylaws shall be given to all participants immediately upon participation.

2. For Supplementary Individual Pension. Every Pension Provider must discuss their Pension Rules with all individual applicants for pension participation making sure that every participant obtains clear and adequate understanding of the pension arrangement, the administration and investment of pension assets and the investment risks that participants bear. A copy of the Pension Rules shall be given to all participants immediately upon participation.

3. Annual report of the governing body. The members of the governing body of pension entities shall prepare an annual report as of the end of its financial year and make available copies of its annual report to all its participants on or before 150 days following the end of its financial year. The annual report must, at a minimum, contain the following information:

(i) An overview of the management of the pension scheme, membership statistics and developments during the year.

(ii) A review of the investment policies and objectives and the actual investment performance.

(iii) A synopsis of the Audited Annual Financial Statements.

(iv) The statement or certification of the appointed actuary in the case of Defined Benefit pension arrangements.

(v) A statement expressing the level of compliance to the disclosure requirements of applicable laws and/or rules and for those stipulated in the Pension Bylaws or Pension Rules, as the case maybe.

4. Common to all Pension Entities. Every pension entity shall provide their participants:

(i) Information concerning any law, regulation or rule, regarding but not limited to labor and social legislation or taxation, that exist at the time of, or that are enacted during, their participation that may affect their rights and obligations with respect to their pension; within sixty (60) days of their knowledge of such law, regulation or rule.

(ii) Significant change or changes in the Investment Policy; within (30) thirty days of the date the change became effective.

(iii) Amendment of the Pension Bylaws and/or Pension Rules; within (30) thirty days of the date the amendment takes effect.

b) On request. Every pension entity shall provide, subject to its right to charge a fee not more than actual reasonable cost, the following information within fifteen (15) days on request of their participants:

(i) A copy of the Audited Annual Financial Statement(s).

(ii) The level of benefits in case of termination of employment.

(iii) The range of investment possibilities, the actual portfolio performance and the target investment return.

(iv) The risk exposure, investment risk measurements and risk managements processes applied, fees and costs related to the investment of pension assets.

(v) The estimated retirement benefit and the various pension payment options for participants who are expecting retirement within 2 years or less.

(vi) Other relevant pension information as may be reasonably expected to be available from the pension records maintained by the Pension Entity.

Section 5

Entry into Force

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

Michel Svetchine
Managing Director