



Pursuant to Article 35, paragraph 1.1, of Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No. 10/16 August 2010), and Article 13 of Law No. 04/L-101 on Pension Funds of Kosovo (Official Gazette of the Republic of Kosovo, No. 10/8 May 2012), the Board of the Central Bank of Kosovo, at its meeting held on 29 December 2014, adopts the following:

REGULATION

ON LICENSING OF SUPPLEMENTARY EMPLOYER PENSION FUNDS

Article 1

Purpose and Scope

1. This Regulation shall define the conditions, requirements, procedures and time limits that must be followed when applying for and granting a license for Supplementary Employer Pension funds (hereinafter: Pension Funds).
2. This Regulation shall be applied by the CBK to all applicants for the license to establish a Pension Fund in the Republic of Kosovo.

Chapter I

General Provisions

Article 2

Definitions

All terms used in this Regulation have the same meaning as those defined in Article 1 of Law No. 04/L-168 on amending and supplementing the Law No. 04/L-101 on Pension Funds of

Kosovo and Article 1 of Law No. 04/L-101 on Pension Funds of Kosovo (hereinafter: Law on Pension Funds) and/or the definitions provided herein for the purpose of this Regulation:

"Licensee" shall mean the legal person licensed by the CBK under this Regulation to perform Pensions Funds activities.

"Supplementary Employer Pension Fund" (hereinafter: Pension Fund) shall mean the legal person established by an employer or group of employers for their employees and former employees as well as their beneficiaries in the form of a fund management body.

"Supplementary employer pension" shall mean the pension paid by a Pension Fund established by an employer pursuant to the Law on Pension Funds of Kosovo.

"Sponsor (-s)" shall mean the Employer (-s) who establishes the Pension Fund according to the Law on Pension Funds and this regulation.

"Main shareholder" shall mean the shareholder or sponsor who owns 10% or more of equity shares of the Pension Fund.

Article 3

The Activity of Pension Funds

1. Pursuant to Article 14 of the Law on Pension Funds, employers may provide Supplementary Employer Pensions through the establishment of Supplementary Employer Pension Funds (Hereinafter: Pension Funds).
2. No one may exercise pension provider activities in the Republic of Kosovo without prior licensing by the CBK.
3. The licensed pension fund may not engage in any other activity in addition to providing pensions and direct services which are characteristic for such activity.
4. The licensed pension fund shall be subject to regulation and supervision by the CBK.

Chapter II

Criteria for Licensing Pension Funds

Article 4

Application Requirements

1. Applicants for a pension provider license shall meet all the requirements according to the Law on Pension Funds specified for the application process under the CBK's internal

acts. The applicant may request the required application forms and the instructions for filling them from the CBK or find them on the CBK's official website.

2. The application shall be signed by the founder and submitted to the CBK in person by the representative of the founder of the proposed Pension Provider. The application shall be submitted together with the complete documentation required under the Law on Pension Fund and this Regulation.
3. The documentation provided shall be in one of the two official languages of the Republic of Kosovo, either in original or in a certified copy.

Article 5

Licensing Criteria

1. In addition to the requirements from Article 15 of the Law on Pension Funds, the applicant for licensing as a pension fund shall also meet the following conditions:
 - a. Be registered as a legal person in accordance with the Law on Business Organizations;
 - b. Have a good financial standing, supported with evidence such as audited financial statements, and provide evidence of no outstanding tax liabilities;
 - c. The directors and managers of the proposed Pension Provider should not be convicted of any criminal offense and should meet the "fit and proper" requirements of the CBK;
2. The following documentation shall be attached to the application for licensing as a pension fund:
 - a. CBK form (application);
 - b. business registration certificate;
 - c. full biographies of the founders, board members and managers as well as financial statements;
 - d. list of the proposed members for the board of directors and managers, their full biographies, including evidence proving the relevant background and experience;
 - e. statute;
 - f. organizational structure (organogram);
 - g. business plan;
 - h. the conclusions of an independent expert/actuary confirming the existence of the valuation and certifying that the contributions required are adequate to pay the pensions in the event of a Defined Benefit Pension Fund;
 - i. charter of Sponsor or Sponsors;

- j. list of participants indicating their professional categories or statements of all Sponsor employees who will participate;
 - k. a copy of the proposed agreement with the licensed Pension Asset Manager;
 - l. the list of banks and their addresses with which the Sponsor (-s) has banking arrangements and for which the proposed pension fund claims to have such banking arrangements and a description of such arrangements;
 - m. a copy of the proposed asset retention agreement with the licensee;
 - n. name and contact details of the pension fund audit firm;
 - o. a document confirming that the proposed pension provider has the appropriate premises and infrastructure to operate as a pension fund, including the installation of a computerized data reporting system at the CBK;
 - p. proof of payment of license fee based on number of attendances;
3. In addition to the above requirements, the CBK may request additional information or documentation.

Article 6

Refusal to grant a license

The CBK may refuse to grant a license in accordance with the conditions set out in Article 15 of the Law on Pensions.

Article 7

Licensing fees for Pension Providers

1. The applicant applying for a license shall pay the licensing and pension supervision fees in amounts approved by the CBK.
2. The license application fee shall be non-refundable even if the license application is refused by the CBK.

Article 8

Deadline for Reviewing License Applications

1. The CBK shall review the submitted documents in accordance with the requirements of this Regulation.

2. Within 90 days from the date of receipt of the license application, the CBK shall issue a decision approving or rejecting the application for pension provider licensing. The CBK shall immediately inform the applicant of the decision taken.
3. Date of receipt of a license application shall be considered the date when the applicant has met all the requirements of this Regulation. The CBK shall notify the applicant in writing of such date.
4. The CBK shall, within 30 days after the day of receipt of the application, review the submitted documentation and notify the applicant in writing whether or not the documentation is complete.
5. If the documentation submitted is incomplete and/or does not meet the requirements set out in this Regulation, the CBK shall notify the applicant of the deficiencies or discrepancies with the provisions of this Regulation, together with the request for additional information or documentation.
6. The CBK shall terminate the licensing application review procedures if the data and/or documentation required for licensing is not completed by the applicant within 1 month of the CBK's notification under paragraph 5 of this Article. In case of termination of the licensing application review procedures, the applicant shall be notified in written by the CBK.
7. During the application review period, the CBK may request additional information or certain changes/improvements, when reasonable.

Article 9

License Characteristics

1. The license shall be granted in written for an indefinite time period and shall be non-transferable.
2. If the pension provider fails to commence operation within 12 months from the licensing date, its license shall be revoked.

Chapter III

Suspension and Revocation of Pension Fund Licenses

Article 10
Terms and Procedures for License Revocation

1. Where the CBK decides to act in accordance with paragraph 2 of Article 19 of the Law on Pensions, may suspend the license based on any of the following conditions:
 - a. violation of the requirements of the Law on Kosovo Pension Funds, other applicable laws and CBK regulations by the pension fund.
 - b. failure to comply with the Pension Regulation.
 - c. failure to conclude agreements with the asset manager and/or the asset custodian.
 - d. failure to comply with the CBK requirements regarding dismissal and waiver of violations within the time prescribed by the CBK, including failure to comply with the time limit for correcting and rectifying any such infringement.
 - e. if the License was obtained on the basis of any intentional forgery or false information submitted by or relating to the applicant.
 - f. failure to provide reports by the deadline required by the CBK.
 - g. non-compliance with the CBK's request for information when reviewing activities for licensees.

2. Within two working days following the decision on license suspension, CBK shall notify the pension funds in writing of the following:
 - a. description of the violation as defined under the criteria for license suspension,
 - b. the necessary measures to be taken to remedy or correct the violation,
 - c. the period of time within which the violation must be corrected or rectified, as well as relevant documents to be brought to the CBK for correction and rectification,
 - d. list of activities that are prohibited during the suspension period.

3. The Custodian and Asset Manager shall be notified within 2 working days from the decision to suspend the pension provider license,

Article 11
Terms and Procedures for Revocation of a Pension Fund License

1. In addition to the conditions set forth in Article 24 of the Law on Pensions, CBK may revoke the license based on one of the following conditions:
 - a. recurrent violations or serious violations by the licensee, its Asset Manager or Custodian, of the requirements of the Law on Pensions, or applicable laws, or CBK regulations.

- b. recurrent violations of the deadline set by the CBK for correction of violations in the activities of the licensee, which comprised the basis for the suspension of the license.
 - c. recurrent violations of the deadline set by the CBK for reporting on licensing activities.
 - d. failure of the licensee to meet the undertaken functions of providing pensions in a period of one year.
 - e. liquidation or termination of the licensee.
 - f. for other reasons set forth in applicable regulations or guidelines issued by the CBK in connection with the Law on Pension Funds of Kosovo or applicable laws.
2. Once the decision for revocation of the license has been taken, the CBK shall notify the licensee in writing that their license has been revoked. The notice shall contain the criteria for the revocation and prohibition of the development of any activity for which the license was issued. The notice shall also be delivered to the Custodian and the Asset Manager.
 3. In case the license is revoked, the pension provider shall be obliged to present all records and documents pertaining to the pension assets within the following deadline and procedures set forth in the Pension Regulations, unless the CBK, in the interest of participants and beneficiaries, orders an earlier time or another way to make such a presentation.
 4. Following the decision for license revocation, the termination procedure of the Pension Provider shall be implemented according to the provisions of Article 19 of the Law on Pensions.

Article 12

Judicial Reviews

1. The applicant for obtaining a Pension Fund License may appeal to the competent court against the CBK decision for refusing a license application.
2. The Pension Fund may appeal to the competent court against the CBK's decision to suspend or revoke a license.

Article 13

Abrogation

Upon entry into force of this Regulation, Rule 1 amending the Rule on the Licensing of Supplementary Employment Pension Funds dated 2 May 2002 shall be abrogated.

Article 14

Entry into force

This Regulation shall enter into force on 5 January 2015.

Chairman of the Board of the Central Bank

Bedri Peci