



Banking and Payments Authority of Kosovo

Pursuant to the provisions of UNMIK Regulation No. 2001/35, On Pensions in Kosovo, date of 22 December 2001,

For the purpose of execution of Section 14.7 of the UNMIK Regulation No. 2001/35, in prescribing that all Employees may participate in a Pension Fund unless such Pension Fund is intended only for employees belonging to specified occupational categories,

Governing Board of the Banking and Payment Authority of Kosovo (BPK), at its meeting held on October 23, 2002 adopts the following:

Rule 19 on Participation in a Pension Fund and Occupational Categories of Employees

Section 1 Scope and Purpose of this Rule

1.1 Scope of Rule

This Rule applies to Supplementary Employer Pension Funds (Pension Funds).

1.2 Purpose of the Rule

This Rule enforces non-discriminatory requirements for an Employer sponsored Pension program in the matter of participation of employees in the Pension Fund.

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.

“Biometrical risk” means the exposure of a participant to risks associated with life, accident, disability and health. Biometrical risk measurement and equalization involves the giving of debits (surcharges) and/or credits (discounts)

in the use and application of mortality and/or morbidity rates.

“Employee” means and includes every individual who has an effective employment contract with the Employer under such terms and conditions creating an “Employer-Employee Relationship” as defined by applicable Labor and Social Legislation regulations in Kosovo.

“Eligible employees” or “Pension eligible employees”, means any and all employees who may participate in a Pension Fund as a matter of right.

“Collective bargaining” means the process through which conditions of work, pay and benefits of employees are negotiated and agreed upon, in a “Collective Bargaining Agreement” between the Employer and the Employees”.

“Labor Union” or “Union” refers to a duly organized labor organization recognized by the Employer as a “collective bargaining unit” for a portion of or all employees of the Employer

“Management” or “Managers” refer to the category of employees that exercise powers of direction, supervision and control of the work conduct of supervisors, staff and rank and file employees.

“Permanent employees” includes all employees classified as such according to the personnel classification policies of the Employer consistent with applicable provisions of the Labor and Social Legislation regulations. In any event an employee who is in continuous service with the Employer for a period of at least one year is, for purposes of this Rule, deemed to be a permanent employee.

“Professional employees” include those employees categorized as management, supervisors and staff and are generally paid in fixed amounts that are not related to actual hours worked.

“Rank and file employees” means and includes all employees other than those categorized as professional employees.

“Staff” refers to the category of employees who assists, works under and reports directly to, professional employees.

“Supervisor” refers to the category of employees who assigns and supervises the work of other employees.

“Temporary employees” includes all employees who are not permanent employees.

“Union member” refers to an employee who is a member of the Labor Union.

Section 3 Participation in a Pension Fund

3.1 General Rule

Subject to the conditions of this Rule, a Pension Fund may provide pensions to employees belonging specific occupational categories, if such category or categories, as defined in this Rule, are clearly stipulated in the Pension Bylaws.

3.2 Specific Rules for Participation in a Pension Fund Based on Occupational Categories of Employees

The Pension Bylaws may provide that the Pension Fund covers only a specified category or categories of employees if such category or categories are clearly defined and stipulated in the Pension Bylaws and subject to the following conditions:

- a) Participation is not restricted only for Union members.
- b) Participation may be restricted only to employees categorized as “rank and file”.
- c) Participation may be restricted only to employees categorized as “supervisors” and “rank and file” employees.
- d) Participation may be restricted only to employees categorized as “staff” “supervisors” and “rank and file”.
- e) Participation may be restricted to a special age group that is not covered by the mandatory provisions applicable to the savings pensions.
- f) In a pension arrangement that offers pension benefits based on biometrical risks (as such disability, accident, medical or death benefits), participation may be restricted to certain types of employees whose nature of work involves similar biometrical risk exposures, such as, but not limited to, the following categories, or its sub-categories, based on reasonable and uniform biometrical classification standards:
 - (i) Line and process workers for factories processing or manufacturing goods and durables.
 - (ii) Electricians, engineers, handymen, and other technical employees.

- (iii) Security personnel, firemen, and like categories.
- (iv) Miners and mining operation personnel.
- (v) Other categories as shall be considered as belonging to similar biometrical risks and supported by a corresponding special set of Actuarial Assumptions.

Section 4

Eligibility of Commencement of Participation

4.1 For Defined Contribution Pensions

The Bylaws may specify certain eligibility requirements for employee participation in a Defined Contribution Pension Fund provided that such requirements ensure that:

- a) No permanent employee belonging to an eligible category is excluded.
- b) The participation and commencement of contribution for and on behalf of the participant takes effect on the day the employee acquired his or her status as a permanent employee.

4.2 For Defined Benefit Pensions

The Bylaws may specify certain eligibility requirements for employee participation in a Defined Benefit Pension Fund provided that such requirements ensure that:

- a) No permanent employee, who otherwise meets the other requirements of eligibility, is excluded.
- b) Other requirements of eligibility may consist of:
 - 1. Qualifying period of continuous employment prior to participation, which period shall not exceed a period of one (1) year.
 - 2. Minimum number of hours worked and paid during that qualifying period of one (1) year, which number of minimum hours shall not exceed 1,000 hours.
- c) The commencement of contribution for and on behalf of the participants takes effect on the day the employee satisfies all the eligibility requirements.

Section 5
Entry into Force

This Rule shall enter into force on October 23, 2002.

Managing Director