



Banking and Payments Authority of Kosovo

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

For the purpose of implementing Sections 13 and 20 of UNMIK Regulation No. 2001/35, particularly on the requirement for the BPK to review the records of Pension Funds and Pension Providers.

The Governing Board of the Banking and Payment Authority of Kosovo (BPK), at its meeting held on April 17, 2003 adopts the following:

Rule 26 BPK Rule on Record-Keeping by Pension Funds and Pension Providers

Section 1 Scope and Purpose of this Rule

1.1 Scope of Rule

This Rule applies to Pension Funds and Pension Providers.

1.2 Purpose of the Rule

This Rule prescribes requirements for Pension Funds and Pension Providers to keep and maintain complete and accurate documentary and accounting records relating to their pension schemes or arrangements.

Section 2 General Provisions

2.1 Definitions

All terms used in this Rule shall have the same meaning as defined in the Pensions Regulation and/or as further defined in this Rule.

“Accounting system” means the methodology and process of classifying, recording and summarizing financial transactions relating to a pension scheme or arrangement and affecting pension assets designed to generate complete and accurate information to reflect a financial assertion in the balance sheet and

statement of operations of a Pension Fund or Pension Provider.

“Accounting records” means journal books, general ledgers, trial balances, and the financial statements (balance sheets and statements of operations) of the pension entity.

“Chart of accounts” means the listing of accounts to be used in classifying a financial transaction and recording a transaction.

“Journal books” means registers or log books that record in chronological order accounting transactions in original entries.

“General ledger” means of several accounts that record the summary of balances of totals of particular accounts from the journal books.

“Minutes” means the record of the proceedings of a board, committee, managing body, pension standing committee or other fiduciary meeting.

“Trial balance” means an accounting record containing the summary of all general ledger accounts divided into debit and credit balances and/or totals.

Section 3 Requirement to Keep Books and Records

3.1 Responsibilities of The Board of Directors of Pension Funds

The Board of Directors must keep complete and accurate:

- a) Minutes of Board of Directors meetings and meetings of the committees that the Board of Directors has established as more fully described in this Rule.
- b) Accounting records as more fully described in this Rule.

3.2 Responsibilities of the Managing Bodies and Fiduciaries of Pension Providers

The Managing Bodies and the Fiduciaries of Pension Providers must keep complete and accurate:

- a) Minutes of all meetings concerning any decision by a managing body or any other fiduciary to offer pensions, determining the terms of pensions offered, adopting pension rules, making investment decisions with respect to pension assets, retaining serviced providers for pensions, or making determinations as to any individual pension entitlements.

- b) Accounting records as more fully described in this Rule.

3.3 Minutes of Meetings

- a) Every meeting of the board of directors and of the managing bodies or fiduciaries of pension providers (such as pensions standing committees) must be recorded in the minutes of such meetings.
- b) The minutes must be in writing and signed by the board or committee secretary and attested by the board or committee chairman.
- c) The minutes must state the following:
 - 1. The date, time and place of the meeting.
 - 2. The names of all members of the board or committee invited or informed of the meeting.
 - 3. The names of the members of the board or committee who attended the meeting.
 - 4. The names of any professional advisers or other guests who attended the meeting.
 - 5. The decisions (board resolutions or committee recommendations) made at the meeting and the means of making such decision (such as recording a vote, decision by unanimous consensus, etc.).
- d) Minutes are kept and maintained in two files:
 - 1. The active files consisting of all minutes meetings during the most recent 5 years including the current period.
 - 2. The archived files consisting of all minutes of meetings that were held more than 5 years past the current period.
- e) Minutes of meetings of the board of directors and managing bodies or fiduciaries (the standing committees) shall be kept and maintained separately and in accordance with the requirements mentioned above.

3.4 Accounting Records

- a) Accounting records in accordance with the Kosovo Accounting Standards ("KAS"), or if the KAS does not provide for such applicable standards, the

International Accounting Standards (“IAS”) must be applied.

- b) The accounting records using a Chart of Accounts.
- c) Accounting records that record and reflect:
 - 1. The amounts of pension contributions in respect of any active or passive participant along with dates of transfer and posting of such contributions, and source of contribution (if multiple).
 - 2. The payments of pensions benefits, and refunds along with dates of such payments and details of recipient’s account with designated bank or financial institution.
 - 3. The investment of pensions assets, recording balances and the movements of funds to or from the pension entity to or from the custodian, asset managers or investment officers including the investment returns, and/or capital gain.
 - 4. Administrative deductions and other financial charges applied by the Pension Entity against the assets of the participants to cover operational expenses.
 - 5. The payment of fees to the custodian, asset managers, and other third party service providers whether or not such fees are paid by the Pension Entity or the Sponsoring Employer of a Pension Fund, or any other person or entity on behalf of the Pension Entity supported with such records that include the names and addresses of the institutions or persons to whom payment was made and the reason for such payment.
 - 6. The receipt of assets representing Transfer In values of participants from their former Pension Fund or Pension Provider.
 - 7. The payment of assets representing Transfer Out values of former participants to their new Pension Fund or Pension Provider.
 - 8. A record of participants and their beneficiaries including: participant names, dates of birth, identifying UNMIK number or other identification number, designated beneficiaries, the dates when participants joined the scheme, their individual account balances in a defined contribution pension or their service record in a defined benefit pension, and the dates when they left the scheme.
 - 9. Any payments made to the Sponsoring Employer in the case of Pension Funds and the reason for such payment.

10. Other payments made by the Pension Entity including the names and address of the institutions or persons to whom payments were made and the reason for such payments.
 11. Any receipt of assets for the account of the pension scheme other than contributions.
- c) The accounting records are kept and maintained in two files:
1. The active files consisting of all accounting records relating to most recent 5 years including the current period.
 2. The archived files consisting of all accounting records relating to periods more than 5 years past the current period.

3.4 Method of Record Keeping

Records required pursuant to this Rule may be kept in paper or electronic format. In either case there must be data security. A disaster recovery plan and procedures, including archiving and back up routines, to assure data maintenance and safety must be in place, reviewed and updated on regular bases.

Any instance of data corruption without possibility of recovery or restoration must be reported to the participants and their Sponsoring Employers by written notification made within 10 days of the Board of Directors' or Managing Bodies' knowledge of the failure to recover or restore data.

Section 4 Entry into Force

This Rule shall enter into force on April 17, 2003.

Managing Director