



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 Sections 15.7 and 22.7 of the UNMIK Regulation No. 2001/35, annual reports and other financial reports and pensions information that a Pension Fund or Pension Provider is required to submit to the BPK,

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

Rule 23 on Reports and Other Information Required to be Submitted by Pension Funds and Pension Providers

Section 1 Scope and Purpose of this Rule

1.1 Scope of Rule

This Rule applies to all Pension Funds and Pension Providers.

Consistent with the provisions of Sections 15.7 and 22.7 UNMIK Regulation No. 2001/35 (the “Pensions Regulation”), the BPK may require other information and report as it shall deem necessary for its supervisory oversight functions in order to protect the interest of pension participants.

1.2 Purpose of the Rule

This Rule describes the required reports of Pension Funds and Pension Providers to the BPK that are designed to provide the BPK adequate and correct data and information as to the financial condition of these Pension Entities and the manner by which they administer and manage their pension programs, to ensure that with the requirements of the Pensions Regulation and the stipulations in their Pension Bylaws and/or Pension Rules are carried out for the protection of pension participants and beneficiaries of pensions.

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.

“Actuary” means an individual who, on the basis of his or her education, training and experience, is acknowledged to possess the skills in making mathematical calculations in respect to the valuation and funding of a Defined Benefit Pension program who work for himself or for a firm and who is recognized by the BPK as a qualified pension actuary.

“Actuarial report” or “Actuarial valuation report” means a report showing the assets and liabilities of, and the funding (contribution) requirement to, a Defined Benefit Pension including the methods, assumptions and data used in arriving at the actuarial conclusions, prepared under the direction of and signed by an Actuary.

“Audited annual financial statements” includes a Statement of Assets and Liabilities as of the end of a financial year; a statement of contributions, income and expenses for the year ending on the same financial year, including when required by Rule 15 of these Rules the Actuarial Report, and such other exhibits, schedules and notes appended thereto, prepared in a manner consistent with International Accounting Standards.

“Financial year” means the period of 12 consecutive months that begins on every 1 January and ends on every 31st of December of any one year; the first of such financial year ends December 31, 2002.

“Pension entity” refers to Pension Funds providing Supplementary Employer Pensions and/or Pension Providers providing Supplementary Individual Pensions.

“Quarter” or “quarterly” means that period of any consecutive three (3) months beginning on the first day of every financial year. A quarter period ends every 31st March, 30th June, and 30th September of any one year.

Section 3 Financial Reports

3.1 Audited Financial Statements Requirements

- a) Annual audit. Pension entities shall submit to an annual external audit by an independent certified or chartered accountant recognized and accepted by the BPK to certify on its annual financial statements.
- b) Audit standards. The audit shall be conducted and the audit report prepared and certified in conformity with the International Accounting Standards or the Kosovo Accounting Standards.
- c) Time to file audited annual financial statements. Pension entities must submit to the BPK three (3) copies of its audited annual financial statements covering the immediately preceding financial year on or before a period of four (4) months from the last day of such financial year.
- d) Responsibility on audited financial statements. The governing body of the pension entity is responsible for the financial information contained in their audited annual financial statements. A resolution of the governing body adopting and ratifying the audited financial statements shall be filed with the BPK together with the audited annual financial statements.
- e) The conduct of audit and the requirements of disclosures, the duties and obligations of the external auditor and the pension entity are prescribed under Rule 24 of these Rules.

3.2 Reports and Information Required to be Submitted to the BPK

Pension entities must submit the following reports and information to the BPK:

- a) Quarterly Reports. Unless other reports are required by the BPK consistent with Pensions Regulation, pension entities must submit to the BPK the following reports and information, by electronic and hard copy transmittal, within twenty (20) calendar days following the last day of the quarter for which the report is made:
 - 1. Schedule of Pension Assets in substantial conformity with the requirements set out in Schedule Q1 (BPK Pension Form 010), of this Rule.
 - 2. Statement of Sale and Acquisition of Pension Assets in substantial conformity with the requirements set out in Schedule Q2 (BPK Pension Form 011), of this Rule.
- b) Annual Reports. Unless other reports are required by the BPK consistent with the provisions of the Pensions Regulation, pension entities must

submit to the BPK the following reports covering the financial year just ended, by electronic and hard copy transmittal, within sixty (60) calendar days following the end of the financial year for which the report is made:

1. Balance Sheet (Statement of Assets and Liabilities) as of the end of its financial year, signed by the Chairman and Secretary of the board of directors, in the case of a Pension Fund, and in the case of a Pension Provider, its President and Chief Financial Officer.

Pension assets are carried in the Balance Sheet at their values determined according to Rule 6 of these Rules.

In the case of a Defined Contribution Pension arrangement, the liabilities of the Pension entity shall, among other liabilities, include the total amounts of assets allocated to individual accounts of participants reported at current values as of the end of the financial year.

In the case of a Defined Benefit Pension scheme, the liabilities of the Pension entity shall, among other liabilities, include the required technical provisions calculated in accordance with Rule 15 of these Rules, presenting the details of Actuarial Liability and Solvency Liability, as these terms are defined in Rule 15.

2. Schedule of Pension Assets with valuation date of as the last day of its financial year, in substantial conformity with the requirements set out in Schedule A1 (BPK Pension Form 008), of this Rule.
 3. Statement of Fees incurred during the financial year in substantial conformity with the requirements set out in Schedule A2 (BPK Pension Form 009), of this Rule.
 4. Statement justifying the fees actually charged to each Individual Accounts during the financial year and setting forth a proposed schedule of fees for the next financial year, in the case of a Defined Contribution Pension scheme.
- c) The Actuarial Valuation Report prepared in the form and timing prescribed under Rule 15 of these Rules, within 60 days of the date the Actuary's certification, in the case of a Defined Contribution Pension scheme.

Section 4 Other Information Required

4.1 Disclosure Requirements Accompanying Reports

- a) For Defined Contribution Pensions, the following must be included in the annual report or disclosed in a note to the annual report:
1. The amount of contributions due as of the end of the financial year that is not received by the pension entity.
 2. Any portion of the pension assets that is assigned a value not in accordance of Rule 6 of these Rules and the justification for using that basis of valuation.
 3. The level of performance actual investment return in comparison to projected rates of returns; with an explanation of variances, if such variance or variances is plus or minus 50% of projected rates relating to specific type or types of investment or if the total variance is greater than plus or minus 30% of projections, and a discussion of the projected rate of return for the following financial year.
 4. Any matter of disclosure the BPK may require, from time to time.
- b) For Defined Benefit Pensions, the following disclosures must be included or indicated in the annual report or disclosed in note attached to the annual report:
1. The funding quality, as defined under Rule 15, of these Rules, of the pension arrangement.
 2. The last Actuarial Valuation date of the pension scheme and an estimation of the degree of accuracy of this actuarial valuation in relation to current obligations of the Pension scheme.
 3. The liquidity requirements of the pension fund for the next ensuing years (at least 3 years) including the current year and an explanation on how these liquidity requirements are to be met.
 4. A known or established deficit in the fund and a schedule of financing those deficits. A pension fund must disclose separately the amount representing Pre-Plan Deficit and Prior Service Deficit, as the terms are defined under Rule 15 of these Rules, and the level of adherence to the prescribed funding schedules.
 5. Any matter of disclosure as the BPK may require, from time to time.

4.2 Statement of Investment Principles and Directives

The Pension Entity shall submit to the BPK a copy of its updated Statement of Investment Principles and Guidelines within thirty (30) days of any change or amendment thereof. It shall also furnish the BPK a copy of the Investment Directive it issued, if any, to the Asset Manager(s) within fifteen (15) days of its issue date or of any change thereof.

4.3 Information in Aid of Supervision.

The BPK may request other information from the Pension Entity, its directors, and/or officers that are reasonably necessary in aid of its regulatory oversight functions over the business activities of service providers of the Pension Entity or of any entity that are or may become under the BPK supervisory and regulatory oversight.

Section 5 Entry into Force

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

Managing Director