



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 Articles 10 and 16 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 30 October 2014, adopts the following:

REGULATION ON LICENSING OF PENSION FUND ASSET MANAGERS

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 licence to pension fund asset managers (hereinafter: Asset Manager).
2. This Regulation shall be applied by the CBK to all applicants for the license to be established as asset managers in the Republic of Kosovo.

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:

"Asset Management" shall mean the management, investment, reinvestment, structuring, restructuring, acquisition, sale, transfer or other relocation of pension assets and the interpretation of advice in relation thereto.

"Licensee" shall mean a legal entity licensed by the CBK under this Regulation.

"Main Shareholder" shall imply the person who directly or indirectly, jointly or in conjunction with other persons holds 10% or more of any class of shares with a voting right in the asset manager.

“Manager” – shall imply a natural person with management responsibilities and who is either Chief Executive Officer or under the direct supervision of the Chief Executive Officer during day-to-day operation of the asset manager.

“Share capital” shall imply the payment of capital and unrestricted surpluses.

Article 3 **The Activity of Asset Manager**

1. In observance of Article 10 of the Law on Pension Funds, only legal entities that are licensed by the CBK may operate asset management activities.
2. No one may exercise asset management activities in the Republic of Kosovo without prior licensing by the CBK.
3. The licensed Asset Manager may not engage in any activity other than the direct services that are characteristic of such activity.
4. Licensed asset managers shall be subject to regulation and supervision by the CBK.

Article 4 **Minimum Capital**

1. The minimum amount of share capital required for a Fund Manager is €4,000,000, (four million Euros);
2. The amount required under paragraph 1 of this Article may be amended by the CBK.
3. The share capital under this Article shall be invested in accordance with the instructions of the CBK.
4. The Asset Manager shall at all times hold the share capital in the amount required under paragraph 1 of this Article.

Article 5 **Application Requirements**

1. Applicants for a Pension Asset Management License shall meet all the requirements under the Law on Pension Fund specified for the application process under the CBK’s internal acts. The applicant may request the required application forms and instructions for completing them from the CBK or find them on the CBK’s official website.
2. The application shall be signed by the founder (s) and submitted to the CBK in person by the founder or the representative of the founder of the proposed asset manager. 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 6

Licensing Criteria

1. In addition to the requirements from Article 10 of the Law on Pension Funds, the person applying for a license as an asset manager shall meet the following conditions:
 - a. Be registered as a legal person in accordance with the Law on Business Organisations;
 - 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 an asset manager:
 - a. CBK form;
 - b. business registration certificate and statute;
 - c. full biographies of the founders, as well as financial statements if applicable,
 - d. a list of members proposed for the board of directors and managers, their full biographies, including evidence proving relevant background and experience;
 - e. organizational structure (organogram);
 - f. business plan;
 - g. name and contact details of the asset manager audit firm;
 - h. a document proving that the proposed Asset Manager has appropriate premises and infrastructure to operate as a Pension Asset Manager, including the installation of a computerized data reporting system at the CBK.
 - i. a list of banks and their addresses with which the applicant has banking arrangements and a brief description of such arrangements.
 - j. evidence of fee payment for license application;
 - k. evidence proving payment of the minimum capital required by this Regulation;
3. In addition to the abovementioned requirements, the CBK may require additional information or documentation.

Article 7

Requirements for Foreign Pension Asset Managers

1. A foreign asset manager located outside of Kosovo applying for licensing to exercise pension asset management activities in Kosovo shall, in addition to the requirements of this Regulation, meet the following requirements:
 - a) evidence from the applicant's home country supervisory or regulatory authority proving that the applicant is in "good standing" and "in compliance" with all laws and regulatory requirements in that foreign jurisdiction;
 - b) evidence of its licensing by the banking regulator, financial services and capital markets regulator of an OECD and EU member state;
 - c) evidence confirming the audited financial standing for the last 5 years. Where applicable, the financial standing of the applicant's parent company and related companies for the past 5 years must also be submitted;

Article 8

Fees for Pension Asset Managers

1. The applicant applying for a license as a pension asset manager shall pay the licensing and pension supervision fees in the 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 9

Deadline for Reviewing the License Application

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 asset manager 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 15 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.

Article 10
License Characteristics

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

Article 11
Organization and Governance of the Asset Manager

1. The Asset Manager shall be chaired by a Board of Directors consisting of an odd number of no less than 5 members with a voting right.
2. Persons appointed to serve on the Board of Directors shall be persons of recognized integrity and shall possess ability and at least 5 years of professional experience in pension, finance, investment and insurance matters.
3. Any person who is or will be a main shareholder, director or manager of the asset manager shall be capable and fit to hold a specific position as required by the CBK.
4. No person may become a main shareholder, director or manager without prior approval by the CBK.
5. For matters related to governance which are not regulated by this Regulation, the provisions of Law No. 02/L-123 on Business Organizations shall apply.

Article 12
Asset Manager Transactions Requiring Prior Approval

1. The following activities shall require prior approval by the CBK.
 - a) changes in the act of establishment and statute;
 - b) change of the institution name;
 - c) opening, relocating and closing of the institution's offices;
 - d) selling or transferring the business to another entity;
 - e) merging the asset manager
 - f) all transactions and operations related to initial paid-in capital that result in the change of ownership of shareholders owning ten per cent (10%) or more of the share capital and/or voting rights in the asset manager;
 - g) The Asset Manager may not distribute dividends without prior approval by the CBK.

Article 13 Abrogation

Upon entry into force of this Regulation, Rule 4 on the Licensing of Pension Asset Managers dated February 2007 shall be repealed.

Article 14 Entry into force

This Regulation shall enter into force 15 days after its approval by the Board of the Central Bank of the Republic of Kosovo.

Chairman of the Board of the Central Bank of Kosovo

Bedri Peci