



Pursuant to Article 35, paragraph 1 subparagraph 1.1 and Article 65 of the Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No.77 / 16 August 2010), as amended and supplemented by Law No. 05/L –150 (Official Gazette of the Republic of Kosovo / No. 10 / 03 April 2017) and pursuant to Articles 107 to 110 and article 114 of Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions, and Article 131 and 135 of Law No. 08/L-328 on Payment Services, the Board of the Central Bank of the Republic of Kosovo, at its meeting held on December 17, 2024, approved the following:

REGULATION ON OFFICIAL ADMINISTRATION AND LIQUIDATION OF PAYMENT INSTITUTIONS AND ELECTRONIC MONEY INSTITUTIONS

Article 1

Purpose and scope

1. The purpose of this Regulation is to determine and regulate the procedures of official administration and liquidation of payment institutions and electronic money institutions, pursuant to the legislation in force applicable to banks, microfinance institutions and non-bank financial institutions and Law No. No. 08/L-328 on Payment Services (hereinafter: Law on Payment Services).
2. This Regulation applies to all payment institutions and electronic money institutions authorized, pursuant to Law No. on Payment Services, to operate in the Republic of Kosovo.

Article 2

Definitions

1. The terms and definitions used in this Regulation shall have the same meaning as in Law No. on Payment Services and the Legislation in force for banks, microfinance institutions and non-bank financial institutions.
2. In addition to paragraph 1 of this Article, for the purposes of implementing this Regulation, the following terms and abbreviations shall have the following meaning:
 - 2.1. “**CBK**” means the Central Bank of the Republic of Kosovo;
 - 2.2. “**EMI**” means an electronic money institution;
 - 2.3. “**PI**” means a payment institution;
 - 2.4. “**institution**” means EMIs and PIs;

- 2.5. “LPS” means Law No. No. 08/L-328 on Payment Services;
- 2.6. “management body” means the body, directors or persons responsible for the management of the PIs and EMIs and, where relevant, persons responsible for the management of the payment services activities of the PIs and EMIs.

Article 3

Official administration, forced liquidation and voluntary liquidation

1. The CBK may appoint an Official Administrator for a PI or EMI if:
 - 1.1. the CBK determines that the institution has violated any provision of laws or regulations, or has engaged in any unsafe and unsound practices, in such a manner as to weaken the institution’s condition, seriously jeopardize users’ interests, or dissipate the PI’s or EMI’s assets or jeopardize the users’ funds;
 - 1.2. the CBK has reasonable cause to believe that the institution or its management body have engaged or are engaging in criminal activities punishable by imprisonment of one year or more, in such a manner to jeopardize users’ interests;
 - 1.3. the CBK determines that the PI or EMI is in an unsafe or unsound condition to transact business and the institution or its management body are unable to promptly improve such condition;
 - 1.4. the PI or EMI fails in any manner to cooperate with the CBK, or its examiners and to enable the CBK to perform its supervisory responsibilities, including through concealment or failure to submit for inspection any of the institution’s books, papers or records;
 - 1.5. the institution, its management body, employees or principal shareholders fail to comply with an order of the CBK as stipulated and issued under the LPS or any other applicable law;
 - 1.6. the institution requests the appointment of an Official Administrator;
 - 1.7. the PI’s or EMI’s regulatory capital level falls below fifty percent (50%) of the minimum regulatory capital required under the provisions of the LPS and CBK’s regulations on capital and own funds; or
 - 1.8. the CBK considers that another financial institution or any other shareholder that holds a significant interest in the PI or EMI faces a risk of becoming insolvent or fails to meet regulatory requirements regarding capital or liquidity by the CBK or in the jurisdiction of its corporate headquarters.
2. If CBK determines that the PI or EMI cannot be rehabilitated through official administration or if CBK decides to withdraw an authorization of a PI or EMI, the CBK shall issue a decision to revoke the PI’s or EMI’s authorization as stipulated pursuant to the LPS and shall proceed with forced liquidation proceedings through an appointed liquidator.
3. In the event that a PI or EMI, by resolution of its shareholders, requests that its authorization be revoked under the provisions of the LPS and where the CBK, further to a plan presented to it, determines that the PI or EMI has enough assets to satisfy its liabilities, the voluntary liquidation shall be carried out immediately and all users shall receive their funds within five days by the PI or EMI. Notwithstanding the above, if the CBK determines, including in the course of such liquidation, that the PI or EMI does not ensure an orderly liquidation or it fails to comply with the

LPS or with any instructions issued by the CBK, provisions of forced liquidation shall apply for the appointment of liquidators.

Article 4

Appointment and removal of an Official Administrator

1. The CBK may appoint an Official Administrator for a payment institution or electronic money institution as stipulated in Article 3 of this Regulation, Article 109 of Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions and Article 131 of the LPS.
2. The decision by the CBK to appoint an Official Administrator shall specify the grounds upon which it is adopted. Such decision shall be promptly notified to the PI or EMI that is subject to official administration.
3. The CBK has the exclusive power to remove such Official Administrator at any time and for any reason.
4. The Official Administrator shall be appointed by the CBK for a term, not exceeding six (6) months, as specified in the decision by the CBK. The term of appointment may be extended by the CBK only twice, for a period not exceeding, in each case, three (3) months. If the Official Administrator has not resolved the issues for which it was appointed to resolve after a period of twelve (12) months, the authorization is revoked and the liquidation process of the PI or EMI will commence.
5. If the circumstances for which the appointment of an official administrator are not resolved after a period of twelve (12) months, the PI's or EMI's authorization shall be revoked and the liquidation process shall commence.
6. Notwithstanding the paragraphs 4 and 5 of this Article, the CBK may determine that the institution is or has become solvent. In that case the term limits for the appointment of the Official Administrator contained in this Article may be extended by a written order of CBK so as to provide adequate time for the orderly sale or other disposition of that institution.
7. The Official Administrator may be a person from the private sector or an official of the CBK who meets the qualifications prescribed by the CBK in the corresponding Regulation.
8. The decision of the CBK appointing an Official Administrator for a PI or EMI shall be effective at the time specified in the decision or, if no time is specified, at the time notice is given under paragraph 2 of this Article.
9. Upon the appointment, all powers, functions and responsibilities of the PI's or EMI's management body and shareholders shall be vested in the Official Administrator, unless the Official Administrator requests the management body or shareholders to carry out any activity provided under the LPS or this Regulation. Any actions or decisions taken by or on behalf of the PI or EMI subject to official administration shall be null and void, unless they are taken by or under the authority of the Official Administrator.
10. The CBK may remove the Official Administrator before the end of the term specified in paragraph 4 above and appoint a qualified replacement. The CBK must ensure that the PI or EMI at all times remains under the control of a duly appointed Official Administrator.
11. Any transaction involving the PI or EMI in official administration in which the Official Administrator has a material interest or relationship in the matter may be engaged in only with the

prior approval of the CBK. If an Official Administrator fails to disclose a material interest or relationship as required, the contract may be set aside and the CBK shall remove the Official Administrator.

Article 5

Powers and duties of Official Administrator

1. The Official Administrator shall have full and exclusive powers to manage and operate the institution. The Official Administrator may take any action as necessary or appropriate to carry on the business of the PI or EMI and preserve and safeguard the users' funds, the institution's assets and property or to implement a plan of action with respect to the PI or EMI that has been approved by the CBK.
2. The Official Administrator shall act in accordance with the regulations, instructions and guidelines given by the CBK at any time in the course of the official administration and shall be accountable only to the CBK for the performance of duties and the exercise of powers as Official Administrator. The Official Administrator may delegate any of such powers or duties to other persons, in accordance with the instructions issued by the CBK.
3. The Official Administrator shall suspend the payment of any dividends or other form of capital distribution to shareholders, as well as any payment to management other than for services provided to the PI or EMI upon request of the Official Administrator.
4. The Official Administrator may employ, at the expense of the PI or EMI in official administration, independent attorneys, accountants and consultants to assist the Official Administrator, on such terms as the CBK shall approve.
5. If the Official Administrator has reasonable cause to believe that shareholders, directors, officers, attorneys, accountants or other professionals have engaged or are engaging in criminal activities punishable by imprisonment of one year or more or in fraudulent activities, it shall immediately notify the CBK and shall pursue civil actions seeking damages and restitution.

Article 6

Moratorium and Effect of Official Administration on Proceedings and Contracts

1. The CBK may, on the written request of the Official Administrator, impose a moratorium suspending some or all payments by a PI or EMI in official administration.
2. If placed under moratorium, then without the consent of the CBK:
 - 2.1. one person may not begin or continue a proceeding in a court against a PI or EMI in official administration, and
 - 2.2. one person may not exercise rights under a mortgage, charge, or other security over the property of a PI or EMI in official administration, or issue any execution, attach any debt, or otherwise enforce or seek to enforce any judgement or order obtained in respect of a PI or EMI in official administration.
3. The CBK may by written consent waive the application of paragraphs 2.1 and 2.2 of this Article to any creditor or class of creditors.

4. No right or obligation under any contract to which the PI or EMI in official administration is a party may be terminated, accelerated, or modified solely because of the appointment of the Official Administrator or any action taken by the Official Administrator.

Article 7

Taking Control

1. Immediately upon appointment, the Official Administrator shall secure the properties, offices, assets, books and records of the PI or EMI, and may take all necessary or appropriate steps aimed at such purpose, including without limitation:
 - 1.1. restricting external access or internal access to the institution's facilities;
 - 1.2. changing the passwords to the PI's or EMI's computers and granting access only to a limited number of employees;
 - 1.3. issuing to authorized employees' new type of entrance passes to the institution's premises and controlling the access of other employees to those premises.
2. In the course of the official administration, the Official Administrator shall have unrestricted access to, and control over, the properties, offices, assets and the books of account and other records of the institution subject to official administration.
3. Immediately upon request of the Official Administrator, Law enforcement officials shall, if necessary by use of force, assist the Official Administrator to gain access to any premises of the PI or EMI and to gain control over and to secure such properties, offices, assets, books and records. The decision of the CBK appointing the Official Administrator shall have the legal force and effect of an enforceable administrative order.
4. Directors, officers and employees of the PI or EMI, shall make available to the Official Administrator all records and documentation pertaining to the institution and any additional information or report requested by the Official Administrator.

Article 8

Inventory and Plan of Action

1. Not later than thirty (30) days after the appointment, the Official Administrator shall prepare and deliver to the CBK an inventory of the PI's or EMI's assets and liabilities. Such report will itemize the assets according to their different risk profiles and classify the non-performing loans.
2. Not later than sixty (60) days after the appointment, the Official Administrator shall prepare and deliver to the CBK a report on the financial condition and future prospects of the PI or EMI subject to official administration.
3. In the report referred under paragraph 2 of this Article, the Official Administrator shall propose an action plan and shall recommend:
 - 3.1. recovery of the PI or EMI by implementing a remedial action plan that may include a capital increase; or
 - 3.2. liquidation of the PI or EMI, if the PI or EMI cannot recover.

4. The Official Administrator shall promptly provide any additional report or information requested by the CBK.

Article 9

Capital Increase by Existing Shareholders

1. On the basis of the report produced under Article 8 of this Regulation and with the approval of the CBK, the Official Administrator may take the following actions to increase the institution's capital through the issuance of new shares after:
 - 1.1. determine the extent of losses and prepare the PI's or EMI's balance sheet covering the amount of such losses through the PI's or EMI's profits, reserves and, if necessary, capital; and
 - 1.2. notify existing shareholders of the amount of additional capital needed to bring the PI's or EMI's capital into compliance with all capital requirements and allow such shareholders to subscribe and purchase additional shares, by submitting binding commitments equal to the full amount of additional capital needed within three business days of such notification.
2. Existing shareholders of a PI or EMI in Official Administration shall have no preemptive or other rights to purchase additional shares issued except as provided for in the relevant provisions on the Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions and this Article.

Article 10

Recapitalization by new shareholders

1. On the basis of the report produced under Article 8 of this Regulation and with the approval of the CBK, the Official Administrator may take the following actions to increase the PI's or EMI's capital through the issuance of shares to new shareholders in the following circumstances:
 - 1.1. in the event that binding commitments are not submitted in an amount equal to the full amount of additional capital needed by existing shareholders; or
 - 1.2. without offering shares to existing shareholders, if the CBK determines that:
 - 1.2.1. the existing shareholders are no longer suitable to maintain a significant capital position in the institution; or
 - 1.2.2. there has been a failure to comply timely with a remedial measure under Article 9 of this Regulation requiring an increase in the PI's or EMI's capital.
2. To carry out a recapitalization by new shareholders, the Official Administrator shall:
 - 2.1. if not already carried out in accordance with Article 9 of this Regulation, determine the extent of losses and prepare the PI's or EMI's balance sheet covering the amount of such losses through the PI's or EMI's profits, reserves and, if necessary, capital;
 - 2.2. if necessary to reflect losses, reduce the par value of outstanding shares, notwithstanding any other provision of law;
 - 2.3. determine the amount and type of funding needed to bring the PI or EMI into compliance with all capital requirements;

- 2.4. cause the PI or EMI to issue additional shares in the amount necessary and carry out the sale of shares by the PI or EMI and purchase of such shares by new investors.
3. Notwithstanding any Laws that may come into effect to regulate the securities market and other disclosures by issuers of securities, the competent authority under that Law shall take the necessary action to permit any such issuance under this article within three (3) business days.

Article 11

Mergers, sales and other restructurings

1. On the basis of the report produced under Article 8 of this Regulation and with the approval of the CBK, the Official Administrator may carry out a merger of the PI or EMI or a transfer, in whole or in part, of the PI's or EMI's assets and liabilities.
2. In accordance with the instructions given by the CBK, the Official Administrator may approve a restructuring of the PI's or EMI's liabilities through arrangements with the PI's or EMI's creditors, including a reduction, modification, rescheduling and novation of their claims.

Article 12

Expenses of the Official Administrator

The Official Administrator shall receive a remuneration determined by the CBK. All costs and expenses incurred on account of the official administration shall be borne by and charged to the institution subject to such proceeding.

Article 13

Termination of the Official Administration

1. The official administration shall terminate at the expiry of the term specified in the decision appointing the Official Administrator or any extension of the term of such appointment as provided in Article 4 of this Regulation.
2. Official administration shall be terminated prior to the expiry of the term identified above if the CBK determines that:
 - 2.1. official administration is no longer necessary because grounds for appointment of the Official Administrator have been remedied; or
 - 2.2. the PI or EMI cannot be rehabilitated and the CBK issues a decision to revoke the relevant authorization under Article 16 of the LPS and to commence a liquidation proceeding under the provisions of Article 131 of the LPS or under the provisions of this Regulation.
3. In the case of a termination of official administration that does not involve a closure of the PI or EMI, the Official Administrator shall carry out the duties of the PI's or EMI's management body until nomination and/or election of new members. Upon nomination and/or election of new members of the management body, the Official Administrator shall return control of the PI or EMI and its properties, offices, assets, books and records to the competent bodies.
4. The decision of the CBK to terminate official administration shall be accompanied by a recommendation by the Official Administrator and a detailed report prepared by the Official

Administrator supporting the recommendation.

5. Within five (5) days of the termination of the appointment, the Official Administrator shall prepare and submit to the CBK a final report and accounting of the official administration.

Article 14 **Liquidation types**

1. The PI or EMI shall be liquidated in accordance with the provisions of the Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions and this Regulation in two ways:
 - 1.1. voluntary liquidation;
 - 1.2. liquidation.

Article 15 **Voluntary liquidation**

1. No PI or EMI may voluntarily terminate its activities without initially obtaining prior approval from the CBK in accordance with this Article.
2. Voluntary liquidation shall take effect where:
 - 1.1. the shareholders of the PI or EMI decide to place the PI or EMI into liquidation process;
 - 1.2. the shareholders of the PI or EMI, decide to change the activity of the PI or EMI or to discontinue with the exercise of their activity.
3. In such cases as foreseen in paragraph 2, the PI or EMI:
 - 3.1. shall notify in advance the CBK of such decision;
 - 3.2. along with the decision, the PI or EMI shall submit the following to the CBK:
 - 3.2.1. the application for consent of the PI's or EMI's shareholders on termination of PI's or EMI's operations,
 - 3.2.2. an unconditional, irrevocable bank guarantee payable on first demand, issued by a bank with an investment grade rating. This guarantee must cover all obligations of the PI or EMI and be in favor of the CBK. The CBK may also request from the bank other documentation needed for consideration of the application from paragraph 1 of this article.
4. The CBK shall decide on the application from paragraph 3 hereof by rendering a decision within seven (7) days from the receipt of the duly completed application.
 - 4.1. the CBK shall send the decision to the institution by no later than the next business day following the day of its rendering;
 - 4.2. if the CBK does not give the consent to voluntary liquidation due to the PI's or EMI's failure to submit documentation in line with paragraph 3 of this article, or it fails to comply with this Regulation or with any instructions issued by the CBK, provisions of Article 16 and 131 of LPS shall apply for the appointment of liquidator and the CBK shall simultaneously revoke the PI's or EMI's authorization;

- 4.3. the CBK may consent to voluntary liquidation if it determines that the PI or EMI has enough assets to satisfy its liabilities, in this case the liquidation shall be carried out immediately and all users reimbursed of their funds within five (5) days by the PI or EMI, in compliance with the procedures to be issued by the CBK and under the supervision of the latter.
5. The decision on voluntary liquidation shall be announced and published by the PI or EMI in the Official Gazette of the Republic of Kosovo, as well as in two national newspapers.
 6. The provisions of the Law on Business Organizations shall apply with respect to the voluntary liquidation to the extent that they do not contradict with this Regulation.

Article 16

Bases for Initiation of Forced Liquidation

1. In the event of the withdrawal of a PI's or EMI's authorization pursuant to Articles 16 and 131 of the LPS, other than revocation under paragraph 4.2 of Article 15 of this Regulation, the CBK shall simultaneously take possession and control of that PI or EMI through a liquidator appointed by the CBK. This proceeding shall be known as forced liquidation.
2. A liquidator may be a person from the private sector or an official of the CBK who meets the qualifications prescribed by the CBK. The CBK may dismiss a liquidator. The terms of the liquidator's compensation shall be set by the CBK and may include incentives for meeting the objectives set by the CBK and may include penalties for failure to meet such objectives.
3. The compensation of the liquidator and experts that he or she engages, reimbursement of their expenses and expenses of the CBK in execution of the present regulation with respect to a PI or EMI shall be paid from the assets of the PI or EMI. Payments to the liquidator shall be made on a current basis if in the judgment of the liquidator there are sufficient liquid assets. Any moneys owing to the liquidator at the end of the term of liquidation shall be paid from the proceeds from the sales of the PI's or EMI's assets with the priority described in Article 20 of this Regulation.

Article 17

Notice and Registration of Liquidation

1. The decision of the CBK appointing a liquidator for a PI or EMI shall be effective as of the date of its issuance, unless stated otherwise in the decision. The liquidator shall immediately post a notice in each premise of the PI or EMI, announcing the withdrawal of the authorization and appointment by the CBK, specifying the effective date and time of possession by the liquidator and specifying that:
 - 1.1. authorizations of persons that bear the financial responsibility of the PI or EMI have been revoked;
 - 1.2. persons who previously had authorization to give instructions on behalf of the PI or EMI, with respect to payment or transfer of the PI's or EMI's assets or assets held by the PI or EMI, are no longer so authorized; and
 - 1.3. the PI's or EMI's authorization has been withdrawn.
2. The liquidator shall publish a notice specifying the actions taken in one or more newspapers of general circulation in the communities in which the PI or EMI maintains premises and arrange for

the publication of such notice each week for the next four (4) weeks and shall inform as necessary the competent authorities and shall transmit copies of such actions to the CBK within two (2) days of such action.

Article 18

Powers and Duties of Liquidator and Effects of Liquidation

1. Upon appointment the liquidator shall become the sole legal representative of the institution and shall succeed to all rights and powers of the shareholders and of the management body of the PI or EMI. Such rights and powers shall include holding title to the books, records, and assets of the PI or EMI; managing, operating and representing the PI or EMI; marshalling assets and claims; transferring or disposing of assets; and taking any other action necessary for the efficient liquidation of the PI or EMI and to obtain the maximum amount from the sale of assets, including without limitation:
 - 1.1. continuing or interrupting any operation of the PI or EMI;
 - 1.2. borrowing money guaranteed with its assets or without guaranty;
 - 1.3. suspending or limiting the payment of debts subject to the approval of the CBK as provided below;
 - 1.4. hiring specialists, experts or professional consultants;
 - 1.5. administering the PI's or EMI's accounts;
 - 1.6. collecting the debts due to the PI or EMI and recovering goods owed by the third parties;
 - 1.7. initiating or defending the PI or EMI in any legal proceeding and executing any relevant instrument in the name of the PI or EMI; and
 - 1.8. restructuring the PI's or EMI's liabilities through arrangements with the PI's or EMI's creditors, including through a reduction, modification, rescheduling and novation of their claims, up to the amount determined by the CBK.
2. The liquidator shall act in accordance with the regulations and guidelines given by the CBK at any time in the course of the liquidation and shall be accountable only to the CBK for the performance of duties and the exercise of powers as liquidator.
3. A liquidator may continue any operations and may borrow money on a secured or unsecured basis. The liquidator may stop or limit the payment of any obligation, employ or dismiss any officer, employee or advisor, execute any instrument in the name of the PI or EMI and initiate or defend and conduct in the PI's or EMI's name any action or legal proceeding.
4. The liquidator shall have unrestricted access to and control over the offices, books of account and other records, and other assets of the PI or EMI and its subsidiaries. At the request of the liquidator, a law enforcement officer or officers shall assist the liquidator to gain access to PI or EMI premises or control over PI's or EMI's records.
5. The CBK shall approve or deny a merger of the PI or EMI with another financial institution, or sale of substantially all the PI's or EMI's assets.

6. The liquidator shall have the same rights and privileges and be subject to the same duties, penalties, conditions and limitations as apply to the management body or other employees of a PI or EMI authorized under the LPS.
7. The powers of the management body and shareholders of the PI or EMI shall be terminated during a liquidation; provided, however, that the management body may be instructed by the liquidator to exercise specified functions for the PI or EMI; and further provided, that such persons shall be subject to dismissal by the liquidator from their positions at the PI or EMI and shall thereupon cease to receive compensation from the PI or EMI.
8. The liquidator shall secure the property, offices, books, records, and assets of the PI or EMI to seek to prevent their dissipation by theft or other improper action, by taking actions including, but not limited to, the following:
 - 8.1. changing the locks and limiting access to the new keys on external entrances to the PI's or EMI's premises and on doors to internal offices which contain financial assets or information or equipment which could enable a person to gain unlawful access to financial assets;
 - 8.2. changing or establishing access codes to the PI's or EMI's computers and granting access only to a limited number of trustworthy employees;
 - 8.3. issuing new photo identification passes for entrance of authorized employees to the PI's or EMI's premises and controlling the access of others to the PI's or EMI's premises;
 - 8.4. canceling authorizations of persons to engage the financial responsibility of the PI or EMI and issuing new authorizations, as appropriate and notifying third parties;
 - 8.5. informing all related parties that persons who previously had authorization to give instructions on behalf of the PI or EMI with respect to dealing in the PI's or EMI's assets are no longer so authorized and that only the liquidator, and persons authorized by the liquidator have such authority; and
 - 8.6. suspending the payment of capital distributions in general and payment of any kind to the management body and principal shareholders; provided, however, that reasonable compensation may be paid to the management body and other staff of the PI or EMI for services rendered to the PI or EMI at the request of the liquidator.
9. The liquidator shall establish a new balance sheet for the institution, based on his or her determination of liquidation values of the PI's or EMI's assets with a corresponding reduction in the value of the PI's or EMI's liabilities in the reverse order of priority in payment of distributions in a liquidation of a PI's or EMI's assets. Liabilities shall be deemed due and payable and interest shall cease to accrue as of the date of the appointment of the liquidator. Un-matured liabilities shall be discounted to present value at the rate of interest determined by the CBK.
10. Within one (1) month of taking possession of a PI or EMI, the liquidator shall make an inventory of the assets and property of the PI or EMI and transmit a copy thereof to the CBK, which shall make a copy available for examination by the public.
11. Within thirty (30) days from the date of appointment, the liquidator can repudiate any unfulfilled or partially fulfilled contract, to the extent that the fulfillment of such contract is determined to be burdensome for the PI or EMI and the repudiation would promote the orderly administration of the PI's or EMI's affairs and protects users' interest. Any liability arising from the repudiation shall be determined as of the date of repudiation and shall be limited to actual direct damages

incurred and shall not include any damage for lost profits or opportunity or non-monetary damages. In case of repudiation of a lease contract of immovable and movable property, the owner shall be given a thirty (30) days' notice.

12. As soon as possible from the date of appointment, but no later than 30 days, the liquidator shall make available for withdrawal by users all of their funds and shall give clear instructions of the withdrawal process.
13. When a liquidator has taken possession of a PI or EMI:
 - 13.1. any term, statutory, contractual or otherwise, on the expiration of which a claim or right of the PI or EMI would expire or be extinguished, shall be suspended;
 - 13.1.1. the calculation of interests and penalties against PI's or EMI's obligations shall be suspended and no other charge or liability shall accrue on the obligations of the PI or EMI;
 - 13.1.2. all legal proceedings against the PI or EMI are stayed and the exercise of any right on the PI's or EMI's assets shall be suspended. No right can be exerted over assets during the PI's or EMI's liquidation, except rights given to liquidator, and no creditor may attach, sell or take possession of any assets of the PI or EMI as a means of enforcing his claim or initiate or continue any legal proceeding to recover the debt or perfect security interests in the PI's or EMI's assets.
 - 13.2. any attachment or security interest except one existing six months prior to the effective date of the liquidation shall be vacated, and no attachment or security interest, except one created by the liquidator during the liquidation shall attach to any of the assets or property of the PI or EMI so long as such liquidation continues;
 - 13.3. shareholders' rights shall be extinguished except for the right to receive proceeds, if any, under Article 19 of this Regulation; and
 - 13.4. the liquidator may sell the assets of the PI or EMI or arrange for the assumption of liabilities of the PI or EMI on terms he or she considers fair.
14. If the liquidator has reasonable cause to believe that shareholders, directors, officers, attorneys, accountants or other professionals have engaged or are engaging in criminal or fraudulent activities, he or she and shall pursue civil actions seeking damages and restitution.
15. The procedure for determination of the validity of claims, other than user's funds, for liquidation of PI's or EMI's assets shall be prescribed by the CBK; provided, however, that the sale of PI or EMI assets shall be accomplished in a transparent and commercially reasonable manner.
16. Any assets of the PI or EMI that have not been sold at the end of the term of the liquidation may be abandoned by the liquidator or given to a charitable institution that promotes public health or education. Creditors of the PI or EMI shall have no claim against any such assets.
17. The liquidator shall report each month to the CBK on the progress of the liquidation in such form as may be prescribed by the CBK and provide any other information upon request of the CBK.
18. The liquidator shall, upon the prior written approval of the CBK and according to its guidelines, pursue the following activities:
 - 18.1. dispose of a PI's or EMI's assets and liabilities through a purchase and assumption transaction; or

18.2. organize a restructuring of the PI's or EMI's assets and liabilities.

Article 19

Avoidance of Pre-Liquidation Transfers

1. The liquidator of a PI or EMI may, on the conditions described in this Article, set aside and/ or reject:
 - 1.1. gratuitous transfers made by the PI or EMI to a third party within five (5) years prior to the appointment of the liquidator;
 - 1.2. agreements concluded by the PI or EMI within three (3) years prior to the appointment of the liquidator the performance of which caused a deterioration of the PI's or EMI's financial condition;
 - 1.3. gratuitous contracts and unilateral acts which cause or may cause damage to creditors of the PI or EMI, or are otherwise unfair or inequitable in the circumstances, concluded within three (3) years prior to the appointment of the liquidator;
 - 1.4. any contract for the transfer of assets from the PI or EMI concluded within three (3) years prior to the appointment of the liquidator in which the value of the consideration received by the PI or EMI is substantially lower than the market value of the asset transferred;
 - 1.5. transactions concluded within two (2) years prior to the appointment of the liquidator between the PI or EMI and its insiders or related persons, course salary, and benefits; and
 - 1.6. Any acts or agreements concluded by the PI or EMI within sixty (60) days prior to the appointment of the liquidator which constitute unfair preferences regarding other creditors, by which a creditor is placed in a more favorable position than others in the same rank of priorities.
2. Claims to recover moneys or assets under this Article shall be initiated within one (1) year after the appointment of the liquidator and shall be determined in an expeditious manner by the Competent Court.

Article 20

Priorities in Payment of Claims

1. In any liquidation of a PI's or EMI's assets, allowed secured claims shall be paid to the extent of the realization of the security or the security shall be delivered to the secured creditor. Other allowed claims shall be paid in relation to all other debts, in the order described below:
 - 1.1. user's funds as specified in paragraph 12 of Article 18 of this Regulation, where, in exceptional circumstances, such funds, that legally belong to the users, where not fully reimbursed through the applicable safeguarding mechanisms. In this case, the outstanding amounts shall be converted into claims ranking first in any liquidation of a PIs or EMIs assets pursuant to this Regulation;
 - 1.2. credits extended to the PI or EMI by the CBK until the appointment of the liquidator;
 - 1.3. credits extended to the PI or EMI prior to the appointment of the liquidator and under collateral whose object are the PI's or EMI's assets and to the extent of such collateral;

- 1.4. necessary and reasonable expenses incurred by the liquidator and the CBK, including professional fees, in application of the provisions of the liquidation sections of this Regulation;
 - 1.5. credits extended to the PI or EMI after the appointment of the liquidator;
 - 1.6. unsecured claims; and
 - 1.7. subordinated obligations, in the order of their subordination;
 - 1.8. claims of shareholders.
2. If the amount available for payment for any class of claims is insufficient to provide payment in full, such claims shall be reduced in equal proportions.

Article 21

Final Reporting to the CBK

Once the proceeds for the sale of assets of a PI or EMI have been distributed, the liquidator shall provide a report to the CBK that includes a statement of income and expense and sources and uses of funds during the period of liquidation. Upon approval by the CBK of the report, the CBK liquidation shall be terminated and the CBK and the liquidator shall be relieved of any further responsibility in connection with the liquidation of a PI or EMI.

Article 22

Miscellaneous Liquidation Provisions

1. Professional employees appointed to represent or assist a liquidator in connection with a liquidation shall not be paid amounts greater than are payable to employees or agents of PIs or EMIs for similar services, except that the CBK may authorize payment at higher rates, if the CBK determines that paying such higher rates is necessary in order to recruit and retain necessary personnel.
2. The CBK shall have authority to indemnify a liquidator and his or her agents for their actions on such terms as the CBK deems proper.

Article 23

Enforcement, remedial measures and administrative penalties

Any violation of the provisions of this Regulation shall be subject to corrective measures and/or administrative and civil penalties as defined within article 67 of the Law No. 03/L-209 on Central Bank of the Republic of Kosovo, as amended and supplemented by Law No. 05/L –150 and article 124 of the Law No. 08/L-328 Payment Services.

Article 24

Entry into force

This Regulation shall enter into force 10 (ten) days after the entry into force of Law No. 08/L-328 on Payment Services.

Dr.sc. Bashkim Nurboja
Chairman of the Board of the Central Bank of the Republic of Kosovo