



Based on the Article 35, paragraph 1, sub paragraph 1.1 Article 65 and Article 67, paragraph 6 of the Law 03/L-209 on the Central Bank of the Republic of Kosovo, as amended and supplemented by Law No. 05/L –150, the Central Bank Board in its meeting held on 17 December 2024, approved the following:

REGULATION ON PROCEDURES FOR IMPOSING ADMINISTRATIVE PENALTIES

Article 1

Purpose and Scope

This Regulation establishes the procedures to be followed by the Central Bank of Kosovo (hereinafter the CBK) in the exercise of its powers in relation to the imposition of administrative penalties as specified in the Law on the Central Bank of the Republic of Kosovo (hereinafter: Law on the CBK) or any other law or legal act that authorizes the CBK to impose administrative penalties, except in specific cases where the CBK Executive Board acts pursuant to Article 67.5 of the Law on the CBK.

Article 2

Definitions

1. All terms used in this Regulation have the same meaning as the definitions set forth in the CBK Law and other relevant laws or other legal act, which gives the CBK power to impose administrative penalties, or as set forth below for the purpose of this Regulation:
 - 1.1. Preliminary Notice for Undertaking Punitive Administrative Measures** – shall have the meaning of a statement as set forth in Article 67 paragraph 4 of the Law on the CBK, through which the financial institution or any other entity supervised by CBK, is notified in writing for the legal basis of punitive administrative measures that might be undertaken against him/her as a result of violation of the legal and regulatory framework ascertained by CBK.
 - 1.2. Report** – shall have the meaning of a document or any other form of official communication finalized by the relevant department or division, in the exercise of their powers.
 - 1.3. Authorized person** - is a person who, in accordance with the legislation in force, is authorized by the financial institution or other entity to represent the financial institution or entity in the review procedure.

Article 3

The basis for giving Preliminary Notice for Imposing Administrative Penalties

Preliminary Notice for Undertaking Punitive Administrative Measures shall be based on the reports compiled by the relevant departments, namely divisions of the CBK, in the exercise of their powers.

Article 4

Initiating the procedure for administrative penalty

1. The procedure for administrative penalty shall be initiated with the Preliminary Notice for Undertaking Punitive Administrative Measures.
2. Preliminary Notice for Undertaking Punitive Administrative Measures is prepared by relevant department or division of the CBK, which must be based on the findings identified in the report and must describe in details the facts supporting the existence of violations of the legal and regulatory framework.
3. The CBK Executive Board shall notify the entity to whom the penalty will be imposed through a Preliminary Notice for Undertaking Punitive Administrative Measures, which shall be sent to the address of the entity to which it is addressed. The notice may in no case be sent to the entity before the report is finalized by the relevant department or division of the CBK.
4. Preliminary Notice for Undertaking Punitive Administrative Measures must include the legal advice on the entity right to request, within 15 calendar days from the date of its receipt, a review at the Review of Financial Institution Complaints Division in CBK, whereby providing facts and arguments on why punishment should not be imposed.

Article 5

Procedure Development

1. If the entity that received the notice does not exercise the right for requesting the review within 15 days, as specified in paragraph 4 of Article 4 of this Regulation, it shall be considered that the entity has agreed with the Preliminary Notice for Undertaking Punitive Administrative Measures. In that case, the director of the department or the head of the relevant independent division responsible, namely that has prepared the notice, shall, within 15 calendar days, prepare and send the recommendation to the Executive Board for the decision-making, together with clarification that the entity to which the notification was send did not exercise the right for request review within the time frame specified.
2. If the relevant entity exercises its right for requesting the review, the request shall contain all the arguments on the alleged right as in the case of submission of a request in other instances.
3. Review of Financial Institutions Complaints Division shall, within 30 calendar days from the date of receipt of the request, review the request and shall prepare the recommendation for decision-making at the Executive Board.
4. In cases where the request for review received by the Review of Financial Institutions Complaints Division is complex in its content and requires a longer review time, then the Review of Financial Institutions Complaints Division may extend the deadline for reviewing the request for as long

as it deems necessary, but not longer than the initial deadline set out in paragraph 3 of this article. In the event of an extension of the deadline, the Review of Financial Institutions Complaints Division shall notify the entity that has filed the request for review.

5. Review of Financial Institutions Complaints Division for the purpose of reviewing the facts and arguments, may require additional clarifications and information, as needed, from the relevant departments and divisions in the CBK.

Article 6

Hearing procedure for reviewing the request

1. After receiving the request for review, the Review of Financial Institutions Complaints Division, during review of the request for review, upon the request of the party and in cases when it deems necessary, shall enable the entity concerned a verbal declaration in the session organized regarding the notification.
2. If the relevant entity concerned is invited in hearing session according to the rule foreseen under paragraph 1 of this Article, but does not respond to participate in the hearing, then Review of Financial Institutions Complaints Division shall continue the procedure for reviewing the request even without holding the hearing.
3. Review of Financial Institutions Complaints Division may also decide on the matter, only on the basis of the request and other evidence submitted by the relevant entity without inviting the relevant entity to the hearing, if based on the documents it may come to the correct determination of the factual situation.
4. If the relevant entity participates in the hearing, he/she shall be allowed to declare and submit any document in the form of evidence that proves the opposite of the findings specified in the Preliminary Notice for Undertaking Punitive Administrative Measures.

Article 7

The use of languages in the session

1. Review procedure at the hearing shall be held in one of the official languages defined by the Law on Official Languages in Kosovo, while the entity that filed the request for review shall be entitled to use his/her mother tongue during the hearing.
2. If at the convened hearing session, at the CBK's request, a language other than the official languages is used, then the CBK shall provide an interpreter.

Article 8

Legal rights of the entity

The relevant entity shall have the right for a lawyer or other qualified person to represent him/her in the CBK administrative proceedings.

Article 9

Recommendation and communication for decision-making

1. After completing the necessary procedural actions and when considered that administered evidence are sufficient to come to the recommendation after reviewing of the request for reconsideration, Review of Financial Institutions Complaints Division shall prepare the recommendation for the Executive Board in accordance with article 5, paragraph 3 or paragraph 4 of this Regulation.
2. The review procedure of the request for review is completed by the Review of Financial Institutions Complaints Division with the submission of the recommendation to the Executive Board.
3. The reasoned and signed recommendation by the Head of the Review of Financial Institutions Complaints Division and confirmed by the Legal Department, shall be submitted to the Executive Board through the appropriate reporting line in accordance with the procedure for submitting materials to the Executive Board of the CBK. A copy of this recommendation shall also be submitted to the relevant department or division.
4. The relevant department or division of the CBK shall prepare the Draft Decision on administrative penalties, which together with the relevant legal opinion of the Legal Department and the accompanying information, through the relevant reporting line, shall also be submitted to the Executive Board for decision-making in accordance with the procedure for submitting materials to Executive Board of the CBK.

Article 10

Procedure for issuance of the decision to impose administrative penalties

1. As defined in Article 36, paragraph 1, subparagraph 1.12, and Article 67, of the Law on the CBK, the Executive Board, after analyzing all recommendations and reports presented, and pursuant to Article 67, paragraph 7 of the Law on CBK, shall make a decision to impose administrative penalties.
2. The decision of the Executive Board for administrative penalties shall be implemented by the entity within the deadline given in that decision.
3. In the case of an administrative penalty that is not a written warning the CBK shall take other steps that are necessary to ensure its implementation.
4. Any monetary penalty shall be paid in the Republic of Kosovo Budget account.
5. The decision to impose administrative penalties shall be in accordance with the Law on General Administrative Procedures.
6. The decision to impose administrative penalties against a legal person shall be addressed to the Head of the Institution, and a copy to the Chairman of the Board of Directors. If a legal entity is a foreign financial institution that operates through a branch in Kosovo, the decision shall be addressed to the Senior Manager in Kosovo, and a copy in English language to the Head of the Institution, at the institution's central office.
7. The decision to impose administrative penalties against a natural person who is a shareholder, member of the Board of Directors, senior manager or employee of a financial institution, shall be addressed to the natural person concerned and a copy to the Chairman of the Board of

Directors and to the Head of the Institution. If a natural person is a senior manager or employee of a foreign financial institution, operating through a branch in Kosovo, a copy of the decision shall be addressed to a natural person concerned, Senior Manager in Kosovo and to the Head of the Institution at the institution's central office.

Article 11

Ongoing or repetitive violations

1. In case the violation is of an ongoing or repetitive nature, the CBK may impose administrative penalties in accordance with Article 67, of the Law on the CBK and any other law that grants the CBK the right to impose administrative penalties. In the case of monetary penalties under paragraph 3 of Article 67 of the Law on the CBK, they may be imposed on a daily basis for each day that the violation continues, unless the applicable law expressly provides otherwise.
2. In case of non-compliance with the order determined by paragraph 1 of this Article, the CBK shall take other binding measures, as needed for implementation of the tasks entrusted to it under the Law on the CBK or any other law.

Article 12

Publication

The Executive Board may decide to publish a decision for imposing administrative penalties if it considers that is necessary to inform the public.

Article 13

Other legal responsibilities

Imposition of administrative penalties by the Executive Board shall not impede civil or criminal liability under the provisions of applicable laws.

Article 14

Cooperation with foreign supervisory authorities

If deemed necessary, the CBK may cooperate with central banks and supervisory authorities in foreign countries, to the extent permitted by the Law on the CBK and other laws regarding the exchange of information relating to the violation.

Article 15

Legal remedies

1. The decision for imposing administrative penalty shall be a final decision in the administrative procedure.
2. Against the decision for imposing administrative penalty, a complaint can be filed in the competent court within the legally prescribed time frame.

Article 16

Applicable law

For any matter that is not governed by this Regulation, the provisions of the Law on General Administrative Procedures shall apply.

Article 17

Abolition

Entry into force of this Regulation abolishes the Regulation on Procedures for Imposing Administrative Penalties dated 29 November 2019.

Article 18

Entry into force

This Regulation shall enter into force fifteen (15) days from the date of its adoption.

Bashkim Nurboja

Chairman of the Board of the Central Bank of the Republic of Kosovo