

**Republic of Albania  
Assembly**

**Law**

**No. 53/2014**

**“On Deposit Insurance”<sup>1</sup>**

In reliance of Articles 78 and 83, point 1, of the Constitution, with the proposal of the Council of Ministers,

**the Assembly of the Republic of Albania**

**decided:**

**Chapter I: The Deposit Insurance Scheme**

**Article 1  
Object of the Law**

1. This law regulates the functioning of the deposit insurance scheme in banks, branches of foreign banks and savings-credit associations licensed in the Republic of Albania.
2. The objective of the scheme for deposit insurance is the compensation of the deposits of depositors.
3. In support of its main objective, the two secondary objectives of the scheme are: to protect the interests of depositors and to contribute to the stability of the banking and financial system.

**Article 2  
Area of Operation**

1. This law is applicable to all banks, branches of foreign banks and SCAs that accept deposits in the Republic of Albania, which must be members of the deposit insurance scheme.
2. Membership in the deposit insurance scheme of subjects of another legal nature is made through a special law, according to the proposal of the Agency, and only for purposes of protecting the financial stability in the Republic of Albania, mitigating moral hazard and increasing the funds of the Agency.

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<sup>1</sup> Reference to the legal instrument of European Union law to which this draft law is approximated is: Directive 94/19/EC of the Parliament and Council “On Deposit Guarantee Schemes”, changed with Directive 2009/14/EC of the European Parliament and Council dated 11.03.2009 (Celex: 32009L0014:OJ L 68,14.03.2009, p. 3-7).

### **Article 3: Definitions**

In this law, the following terms have these meanings:

- 1. “Deposit Insurance Agency”** is the subject created on the basis of this law (hereinafter ‘the Agency’)
- 2. “By-law”** is the act of the Supervisory Authority, with regulatory and instructive effects for subject members of the deposit insurance scheme, issued on the proposal of the Board of Directors of the Agency.
- 3. “Act of the Agency”** is the entirety of individual and collective acts of the Board of Directors or General Director of the Agency, for the functioning of the internal organization of the Agency to fulfill the public objectives of the scheme, on the basis of and pursuant to this law.
- 4. “Supervisory Authority”** is the Bank of Albania.
- 5. “Responsible supervisory authorities and deposit insurance institutions”** are the authorities of the member state of the European Union or foreign country authorized according to relevant legislation to supervise the activity and/or deposit insurance of subjects with a similar nature to the subjects member of the deposit insurance scheme in the Republic of Albania.
- 6. “Bank”** has the meaning set by law no. 9662, date 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it. The bank and the branch of the foreign bank will be referred to as “bank” throughout this law.
- 7. “Bridge Bank”** has the meaning set by law no. 9662, date 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it.
- 8. “Deposit insurance certificate”** is an administrative act issued by the Agency, with which a legal person becomes a member of the deposit insurance scheme.
- 9. “Branch of the bank”** has the meaning set by law no. 9662, date 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it.
- 10. “Branch of the foreign bank”** has the meaning set by law no. 9662, date 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it.
- 11. “Branch of the bank outside Albania”** is the constitutive unit of the bank outside the territory of the Republic of Albania, which carries out directly all or some of the bank's activity, the main directory of which is in the territory of the Republic of Albania.
- 12. “Regional branch of SCA”** has the meaning set by law no. 8782, date 3.5.2001 “On savings-credit associations”, and/or any law changing it.
- 13. “Deposit”** has the meaning:
  - a) set by law no. 9662, date 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it, or
  - b) any sum of money, which the member, individual of the savings-credit association deposits in it, in accordance with law no. 8782, dated 3.5.2001 “On savings-credit associations”, and/or any law changing it.
- 14. “Insurable Deposit”** is the aggregate value of all deposits of a depositor, including their interest calculated on the day of evaluation or intervention in a subject member of the scheme, except for the exclusions under Article 32 of this law.
- 15. “Deposit insured in a bank or branch of it”** is the part of the insurable deposit of a depositor, which is covered with insurance by the Agency.
- 16. “Deposit insured in a SCA”** is the part of the insurable deposit of a depositor, which is covered with insurance by the Agency.

**17. “Depositor”** is any individual who is entitled to receive payment of a deposit from a subject member of the deposit insurance scheme, including the holder with full rights of a deposit in co-ownership and any beneficiary of a deposit of a third party.

**18. “Mandatory liquidation”** has the meaning set by law no. 9662, date 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it.

**19. “Insurance event”** is one of the following circumstances:

a) participation of the Agency with transfer of funds in the sale of the bank or in the incorporation of the bridge bank;

b) placement of the subject member of the deposit insurance scheme in mandatory liquidation.

The insurance event is considered to occur on the date and hour of entering into force of the decision of the Supervisory Authority for intervention in the subject member of the deposit insurance scheme.

**20. “Participation of the Agency in the transfer of financial means in the sale of the bank and the bridge bank”** has the meaning of fulfilling, by the Agency with its financial means, of the difference between the obligations and the assets of the subject member of the deposit insurance scheme, which are transferred to another subject member of the scheme or a bridge bank, including in every case the total of the insured deposits.

**21. “Insurance premium”** is the monetary value that the subject member pays to the Agency with the aim of insuring the deposits of persons in this subject.

**22. “Moral hazard”** are the circumstances when the behavior of one participant of the scheme, such as the subject members or the depositors, may change to aggravate the financial stability of the banking and financial sector because of the trust that deposit insurance creates.

**23. “Deposit insurance scheme”** is the legal relationship and activity for the insurance and compensation of deposits that is created between the subjects member of the scheme and public institutions for the benefit of depositors. The deposit insurance scheme will be referred to as “the scheme” throughout this law.

**24. “Deposit insurance”** is the transfer of risk up to the maximum level of coverage from the subject collecting deposits to the Agency, according to the provisions of this law, subject to the fulfillment of the conditions of membership of this subject member in the deposit insurance scheme and the payment of insurance contributions and premiums to the Agency.

**25. “Subject member of the deposit insurance scheme”** is the legal person with a membership in the deposit insurance scheme from the Agency and licensed from the Supervisory Authority as a bank, branch of the foreign bank, savings-credit association that carry out their activities in the Republic of Albania.

**26. “Sale of the bank”** has the meaning set by law no. 9662, date 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it.

**27. “Savings-credit association”** has the meaning set by law no. 8782, date 3.5.2001 “On savings-credit associations”, and/or any law changing it.

**28. “ABS”** is the Albanian Banking Society.

**29. “SCA Union”** has the meaning set by law no. 8782, date 3.5.2001 “On savings-credit associations”, and/or any law changing it.

**30. “Member state of the European Union”** is the member country of the European Union.

**31. “Foreign country”** is any country, except for the Republic of Albania and a “member state of the European Union”.

## **Article 4**

### **Basic principles of the scheme**

Basic principles of the deposit insurance scheme are:

- a) obligatory membership in the scheme of banks and SCAs that are licensed by the Supervisory Authority to collect deposits in the Republic of Albania;
- b) insurance of deposits of depositors in banks and SCAs;
- c) transparency in the activity of the Agency;
- d) financing of the scheme on the basis of the payments of the insurance premium by its subject members.

## **Article 5**

### **Jurisdiction of the scheme**

1. The bank and the SCA in the Republic of Albania accept and collect deposits only if members of the scheme, in accordance with the provisions of this law.
2. The Agency insures deposits in banks and SCAs accepted and payable in the territory of the Republic of Albania.
3. The Agency does not insure deposits in the branch of the bank outside the territory of the Republic of Albania.

## **Article 6**

### **Institutional independence of the Agency**

1. The Agency enjoys operational and financial independence from any other subject pursuant to the provisions of this law.
2. The Agency is supervised by the Supervisory Authority.

## **Article 7**

### **Accountability**

1. The Agency shall report to the Assembly, the Council of Ministers and the Supervisory Authority for its annual activity.
2. The annual report and the audited financial documents of the Agency are presented to the Assembly of the Republic of Albania, Council of Ministers and Supervisory Authority no later than three months after the end of every financial year.
3. The Agency shall publish the annual report and the audited financial documents on its website.

## **Article 8**

### **Administration of the scheme**

1. Participants of the scheme are:
  - a) depositors, as beneficiaries of the scheme;
  - b) banks and SCAs, licensed by the Supervisory Authority and accepted in the

- deposit insurance scheme by the Agency;
- c) the Deposit Insurance Agency;
- d) the Bank of Albania;
- e) the Ministry of Finance.

2. The Bank of Albania, as participant in the scheme, exercises the following functions:

- a) supervises the activity of the Agency, particularly the administration of the financial means in case of insolvency and deficit of the Agency;
- b) licenses, regulates and supervises the activity of banks, SCAs and SCA unions;
- c) is the responsible authority for the conservatorship and mandatory liquidation of subject members of the scheme, according to respective laws;

3. The Ministry of Finance, as participant in the scheme, proposes to the Council of Ministers the draft law for the fulfillment of the financial resources and funds of the Agency from the funds of the State Budget, within 3 days from the request of the Agency in case of forecast of its deficit.

### **Article 9** **Administration of moral hazard in the scheme**

1. The Agency takes part in managing moral hazard through the cooperation with:

- a) the members of the Financial Stability Advisory Group, created by law no. 9572, dated 3.7.2006, "For the Financial Supervisory Authority" and/or any law changing it;
- b) public and local authorities and institutions of the Republic of Albania;
- c) subject members of the scheme, the ABS and SCA unions;
- d) the supervisory authorities and/or responsible deposit insurance institutions in member states of the European Union or foreign countries;
- e) public and private authorities of written and audio-visual media.

2. The Agency supports in relation to deposit insurance:

- a) initiatives for good governance and management of risk of the subjects members of the scheme;
- b) strengthening of the discipline of the sector supervised by the Supervisory Authority.
- c) compliance of the regulatory and supervisory framework by subjects members of the scheme.

3. Subject members and participating institutions in the deposit insurance scheme appoint contact persons of a managing level for the application of this law.

### **Article 10** **The right for information**

1. The Agency has the right to request data from subject members of the scheme and the Supervisory Authority for the performance of its activity and obligations.

2. The Supervisory Authority and subject members of the scheme shall give to the Agency data requested by it.

3. The Agency shall fulfil the obligations on the protection of official and professional secrecy and client information.

## **Article 11**

### **Cooperation of the Agency with the Supervisory Authority**

1. The Agency and the Supervisory Authority shall cooperate to fulfil their legal objectives, in particular through:

- a) signing of the cooperation agreement, which includes, among others, the exchange of data and information between them;
- b) determination of the respective organisational or administrative functions of each of these institutions.
- c) coordination of their legislative and regulatory initiatives.
- d) cooperation during the process of licensing and membership of a subject in the scheme.
- e) cooperation during the process of licensing and acceptance of a bridge bank in the deposit insurance scheme.
- f) evaluation of registered deposits in a subject member during the first 12 months of the activity of this subject;

2. The Supervisory Authority ensures the participation of the Agency in the groups of supervision and inspection of subjects members, particularly those with problems.

3. The Agency regularly informs the Supervisory Authority on deposit insurance policies, its financial status and budget.

4. The Supervisory Authority shall regularly inform the Agency on the status of the banking sector and the subject members of the scheme.

5. The Agency and the Supervisory Authority notify each other immediately of any circumstance that they judge may cause the occurrence of the insurance event or extraordinary situations that threaten the stability of the financial system in the country.

6. The Supervisory Authority immediately notifies the Agency, in case it has data, to intervene in a subject and that this subject is likely to be placed in conservatorship or mandatory liquidation.

7. In these cases determined under points 5 and 6 of this Article, the Agency and Supervisory Authority send to these subject employees of electronic information technology, with the aim of taking necessary data to perform in an accurate and timely manner the process of deposit compensation.

8. In the procedures of conservatorship and liquidation, the Agency, in particular, receives detailed information on deposits and depositors, which benefit from the deposit insurance scheme according to the provisions of this law.

9. The Agency has the right to appeal the report of the liquidator to the Supervisory Authority when it notices that the actions proposed by him/her are in contradiction with its legal interests, in accordance with the law on banks in the Republic of Albania or the law on SCAs.

10. In the supervision of subject members, before or during the process of conservatorship or liquidation, the Supervisory Authority protects the interests of the Deposit Insurance Agency and gives to it the data that serve the performance of its activity.

**Article 12**  
**Cooperation of the Agency with the Ministry of Finance**

The Agency and the Ministry of Finance cooperate to present to the Council of Ministers the proposal for the inclusion of expenses of the deficit of the Agency in the draft law for the State Budget of the coming year.

**Article 13**  
**Cooperation of the Agency with the Albanian Banking Society**

1. The Agency cooperates with the ABS through signing agreements of cooperation, meetings, consultations, organisation of seminars and conferences of a scientific and practical nature.
2. The Agency has the right to invite representatives of the ABS to take part in the work of committees, commissions or other of its units for information purposes on matters of deposit insurance and compensation.
3. The Agency and the ABS cooperate to offer banks, members of the deposit insurance scheme, expertise and support for the purposes of this law.

**Article 14**  
**Awareness of the public**

1. The Agency performs activities aiming at public awareness of the deposit insurance scheme and ratings of these activities.
2. The Agency creates the infrastructure of information technology in order to inform consumers or other persons interested in deposit insurance.
3. The Agency performs promotional activity with the purpose of informing and educating the public.

**Article 15**  
**Appeals**

1. The depositor of the subject member of the scheme has the right to appeal from the Agency whenever it has claims on rights of information, insurance and deposit compensation.
2. The Agency answers to any deposited appeal in writing or electronic form from depositors of the scheme and gives any information requested that relates to deposit insurance within 15 working days from the date of receipt of the request in question.
3. The Agency creates an internal system for treating appeals of depositors in connection with the insurance and compensation of deposits.

**Article 16**  
**Cooperation of the Agency with international institutions, supervisory authorities and responsible deposit insurance institutions**

1. The Agency exchanges information on the basis of reciprocity and signs agreements of membership or cooperation with international institutions, responsible supervisory authorities and deposit insurance institutions of member states or foreign states.

2. Cooperation includes two-side and multiple-side consultations associated with the exchange of information and expertise, which is valued case by case, by the responsible institutions or authorities, as compatible with deposit insurance and valid for common interests.

3. In the exchange of information, the Agency respects the legal and regulatory framework of the Republic of Albania on the protection of state secrecy, professional secrecy and client information.

4. The Agency fulfils its obligations and benefits from the rights determined in cooperation agreements in accordance with the regulatory and legal framework of the Republic of Albania as well as with principles of international public law.

## **Chapter II**

### **Membership of subjects and their exclusion from the scheme**

#### **Article 17**

##### **Authority granting membership to the scheme**

The Agency is solely responsible for the membership of subjects in the deposit insurance scheme

#### **Article 18**

##### **Language**

All subjects of this law use Albanian language in the documentation and correspondence held in the Republic of Albania in relation to deposit insurance.

#### **Article 19**

##### **Stages of membership of subjects in the scheme**

The membership of the subject in the deposit insurance scheme consists of two stages:

- a) verification of fulfillment of the legal and sub-legal requirements related to deposit insurance;
- b) granting of the certificate for deposit insurance.

#### **Article 20**

##### **Characteristics of the deposit insurance certificate**

1. The certificate of deposit insurance is unlimited in time, non transferable and inalienable.
2. The obligatory elements of the deposit insurance certificate are the logo of the Agency, number of the certificate, name of the subject and other elements, determined by an act of the Board of Directors of the Agency.

#### **Article 21**

##### **Prohibitions in the exercise of the banking and financial activity**

1. No subject, the name of which is connected to the word “bank”, “SCA”, and other words



derived from them, which did not receive certification for meeting with legal and sub-legal requirements related to deposit insurance, is not licensed by the Supervisory Authority.

2. No subject of this law is allowed to exercise its activity in the Republic of Albania without the deposit insurance certificate. The right to initiate the exercise of the banking and financial activity arises only after the subject is equipped with the deposit insurance certificate, according to the decision of the Board of Directors of the Agency.

3. No subject placed under conservatorship or mandatory liquidation by the Supervisory Authority may file a request for acceptance in the deposit insurance scheme.

## **Article 22**

### **The procedure of membership of subjects in the scheme**

1. Subjects file at the Agency the request for membership in the scheme:

- a) for banks, immediately after receipt of prior approval for a license by the Supervisory Authority;
- b) for SCAs, simultaneously with filing the request for a license at the Supervisory Authority.

2. The Agency gives membership in the scheme to subjects, upon fulfillment of the conditions determined under point 1 of this Article, only if they:

- a) fulfill the conditions set for the requested documentation;
- b) fulfill the technical and organizational conditions for the creation and maintenance of the electronic register of deposit obligations of the subject;
- c) pay the initial contribution.

3. The Agency performs checks for the fulfillment of conditions by the subject as well as may request additional information from the person that requests membership in the deposit insurance scheme.

4. The procedure, request, documentation and conditions for the acceptance in the deposit insurance scheme are regulated through a by-law of the Supervisory Authority.

5. The Supervisory Authority informs the Agency on the approval of the decision to license the subject within three days from taking this decision.

6. The Agency decides on the membership of a subject in the deposit insurance scheme and on the issuance of the certificate within three days from receipt of written notice from the Supervisory Authority in accordance with point 5 of this Article.

## **Article 23**

### **Publication of the decision of membership in the deposit insurance scheme**

The decision of the Board of Directors of the Agency for membership in the deposit insurance scheme is published in the Official Journal of the Republic of Albania, as well as in one or more national newspapers.

## **Article 24**

### **The register of subject members of the deposit insurance scheme**

1. The Agency keeps a register for consultation by the public in which all subjects members are included, the data of which is determined by an act of the Board of Directors of the

Agency.

2. This register also includes a list of the subjects excluded from the scheme, according to the act of the Board of Directors of the Agency.

## **Article 25**

### **Obligations of the subjects**

1. Subjects are obliged:

- a) to pay contributions and premiums of insurance in the account of the respective fund of the Agency, in accordance with the sum and terms determined in this law and by-laws;
- b) to give depositors the information on the membership of these subjects in the deposit insurance scheme in accordance with the instructions of the Agency;
- c) to ensure access of depositors to insurance and deposit compensation information, particularly in places where customer service is exercised;
- d) to give depositors information on the membership of these subjects in the deposit insurance scheme, as well as information on deposit insurance and compensation conditions, in accordance with the instructions of the Agency;
- e) to hold an electronic register of deposit obligations of the subject member of the deposit insurance scheme, in accordance with the content and form determined by the Agency;
- f) on the basis of the request of the Agency and in the term set by it, to present data, information and documentation of their activity, in particular on compliance of the methodology of calculation of the premium and initial contribution;
- g) to create administration and operational systems, with the purpose of fulfilling the obligations and conditions determined under this law and the by-law of the Supervisory Authority.

## **Article 26**

### **Electronic register of the deposit obligations of the subject**

1. Electronic register of deposit obligations of the subject member of the deposit insurance scheme is the IT system designed in such a manner so as to ensure the possibility of immediately obtaining any electronic data of depositors at any time, with the purpose of identifying them and determining with accuracy the sum that the subject owes to this depositor which it insures at the Agency.
2. The Supervisory Authority, with the proposal of the Board of Directors of the Agency, approves through a by-law the information, principles, procedures and rules for the functioning of the electronic register of deposit obligations of the subject member of the scheme and reporting to the Agency.
3. The subjects that request membership in the deposit insurance scheme and those already members of it fulfill and apply the technical conditions for the creation of electronic systems, preservation and processing of data to the effect of calculating the insurance premium, compensation of deposits, as well as reporting to the Agency the information requested by the latter.
4. The Agency owns its electronic system, with the purpose of centralized treatment and distribution of information reported to it by subject members of the scheme, in function of the exercise of the insurance and compensation of deposits.
5. The main function of the electronic register of the Agency is the identification of the depositor with a unique number in the system that is consistent with the personal data of an

actual person and determines with accuracy the sum that the subject owes to this depositor, which it also insures at the Agency.

6. The depositors and subject members of the deposit insurance scheme have the right to request and use the information held at the electronic system of the Agency, according to the act approved by the Supervisory Authority.

7. Preservation and usage of the information held by the Agency in its electronic system is made in accordance with the legislation on the protection and processing of personal data.

## **Article 27**

### **Obligation to inform the public by subject members of the scheme**

1. Subjects members inform the public on the deposit insurance scheme in accordance with the by-law of the Supervisory Authority and materials approved by the Board of Directors of the Agency.

2. The Board of Directors of the Agency approves criteria, manners and policies of informing the public.

3. Subjects members of the scheme inform depositors on the provisions of the deposit insurance scheme, including the sum and purpose of the coverage offered by the scheme.

4. The obligation to inform starts prior to signing the contract and continues during the period of validity of the contract.

5. The information approved by the Agency is included in the contracts for deposits that are signed by the depositor of the subject member and preserved together with other of its documents.

6. The information on the deposit insurance scheme is published in the working conditions, public environment of the subject and in the website of the bank, SCA union or SCA, ensuring the connection through this site with the website of the Agency.

7. When the subject member gives promotional information about it and the existing and new products that it offers:

a) it declares in a correct and verified manner the deposit insurance in this subject, as well as its membership in the scheme;

b) it does not hide or show in a fraudulent and misleading manner information in relation to the insurance and compensation of the product;

c) it supports the oral information in the documents drafted by the Agency.

8. Promotional information that involve deposit insurance is sent to the Agency for approval prior to its publication.

9. Subjects members inform the public through post, fax, electronic post, electronic signature, and others.

10. Subjects members, amongst them the Agency as well, interact to safeguard the trust in the banking and financial system in case of occurrence of the insurance event.

11. The information on deposit insurance and compensation is directed to the depositor, generally in the Albanian language and in a comprehensive manner.

12. In case the Agency notes, from consumer complaints, inspections and verifications, incorrect or false information given on the deposit insurance scheme, it takes measures determined under Article 66 of this law.

**Article 28**  
**Changes in the activities of the subjects**

1. If the subject members, during the performance of their activity, make changes, for which they shall notify the Supervisory Authority according to the laws in force, they shall simultaneously notify the Agency as well.
2. If the subject members, during the performance of their activity, make changes determined through a by-law of the Supervisory Authority, on the basis of the proposal of the Board of Directors of the Agency, they shall retake the certification for the fulfillment of legal and sub-legal requirements connected to deposit insurance. The Agency issues a certification no later than 3 months from the date of the request.
3. The Agency reflects the change in the deposit insurance certificate within 2 days from the registration date of the respective decision for transformation in the commercial register at the National Registration Center.

**Article 29**  
**Commissions for certificate**

1. The Agency has the right, through a decision of the Board of Directors, to determine the commissions that the subjects pay for the deposit insurance certificate.
2. The decision of the Board of Directors for the determination of these commissions is published in the Official Journal of the Republic of Albania.

**Article 30**  
**Exclusion from the scheme and revocation of the certificate**

1. The Supervisory Authority notifies the Agency immediately of the decision to:
  - a) revoke the license of the subject member of the deposit insurance scheme;
  - b) decision to intervene in the subject member of the deposit insurance scheme.
2. The exclusion of the subject from the deposit insurance scheme is made through a decision of the Board of Directors within 24 hours from receipt of notice from the Supervisory Authority according to point 1 of this Article.
3. The decision of the Agency for the exclusion of the subject from the deposit insurance scheme is published on the website of the Agency and the Official Journal of the Republic of Albania, as well as in one or more national newspapers.
4. The subject excluded from the deposit insurance scheme immediately submits to the Agency the deposit insurance certificate upon receipt of notification from the Agency on this.

**Chapter III**  
**Deposit Insurance**

**Article 31**  
**General conditions of deposit insurance**

1. The insured deposit of a depositor in a subject member is calculated on the insurable

- deposit up to the maximum level of coverage, according to the provisions of this law.
2. Deposits are insured irrelevant of whether they are kept in leke or in a foreign currency.
  3. Evaluation day is the day when the calculation of insured deposits is made, in order to calculate the premium.
  4. Deposits in foreign currency are converted in leke according to the official exchange rate determined by the Supervisory Authority on evaluation day.
  5. In the case of deposits in co-ownership, the respective part of each holder with full rights is taken into account in the calculation of the insurable deposit of the depositor in the subject member. Except for cases when determined otherwise in the conditions of the deposit, every depositor with full rights is presumed to possess equal parts in the deposit in co-ownership.
  6. In the cases of transformation of the subject member of the deposit insurance scheme, the deposits remain insured for every subject participant in this process, three months from the date the Agency is notified in writing by the Supervisory Authority of the completion of the transformation process.
  7. Pursuant to this law, the deposit remains insured until compensation from the Agency, according to the provisions of this law, irrespective of the insurance event or the revocation of the license of the subject member of the deposit insurance scheme.
  8. The insurance of the deposit, according to this law, ends when:
    - a. the deposits is classified as an uninsured deposit;
    - b. the deposit is compensated by the Agency.
  9. In cases when a product of the subject members of the deposit insurance scheme has such characteristics which do not automatically classify it as an insurable deposit, the Agency has the right to instruct the subjects on the classification of this product as insurable deposit or not. The Agency, in every case, instructs based on the legal interests of the depositor and in accordance with the provisions of this law.

## **Article 32**

### **Uninsurable deposits**

The following deposits are excluded from insurance and compensation from the Agency:

- a. the part of the deposit in the bank or the branch of the foreign bank over ALL 2.500.000 (two million and five hundred thousand) or the equivalent sum in a foreign currency;
- b. the part of the deposit in the savings-credit society over ALL 2.000.000 (two million) or the equivalent sum in a foreign currency;
- c. the deposits of the bank, branch of the bank, branch of the foreign bank and the savings-credit society;
- d. deposits held by senior managers, administrators in the bank and any of their close relatives according to the determinations in the law on banks;
- e. deposits of any person that holds 5 (five) percent or more of the equity of the subject member or shares with voting rights in this subject;
- f. deposits coming from activities connected to money laundering and financing of terrorism, which are declared illegal through a final decision of a court of law;

- g. deposits of national or foreign traders;
- h. deposits of national or foreign legal persons;
- i. deposits of national or foreign insurance and reinsurance companies;
- j. deposits of national or foreign subjects of collective enterprises or investments;
- k. deposits of national or foreign pension or pension insurance funds;
- l. titles of debt issued from financial subjects and any other obligation that these subjects have based on their promise agreements;
- m. deposits of units of central or local government of the Republic of Albania or of a foreign country (public authorities);
- n. non-nominative deposits and/or the head of which is not clearly determined;
- o. deposits placed in the subject member of the deposit insurance scheme during and after the day of the insurance event in this subject;
- p. deposits of the members of leading bodies of SCAs according to the determinations in the law on SCAs, except the general assembly.

### **Article 33** **Maximum level of coverage**

1. The Agency insures and compensates insurable deposits for any depositor in any subject member of the deposit insurance scheme, as follows:
  - a) at the bank or the branch of the foreign bank at 100% but in any case not more than ALL 2.500.000 (two million and five hundred thousand), irrelevant of the number of deposits or their currency, deposited in this bank.
  - b) at the SCA at 100% but in any case not more than ALL 2.000.000 (two million), irrelevant of the number of deposits or their currency, deposited in this SCA.
2. The Agency assesses, every five years, the conformity of the maximum levels of coverage with the economic and social conditions of the Republic of Albania and international standards of deposit insurance, according to the criteria approved by its Board of Directors.

### **Article 34** **Initial contribution**

1. Every subject, that requests membership in the deposit insurance scheme, pays an initial contribution in the amount of 0.5% of its subscribed capital converted in leke in the account of the Agency at the Supervisory Authority, to receive the certificate for the fulfillment of the legal and sub-legal requirements related to deposit insurance.
2. Every subject, that requests membership in the deposit insurance scheme, pays at the end of the first year of membership in the scheme, the addition to the initial contribution, that is calculated at 0.5 per cent of the added capital during that year.
3. The Board of Directors of the Agency may decide the exclusion from the obligation to pay the initial contribution for new subjects, which are created by taking over the deposits and obligations of an existing member subject.

### **Article 35** **Payment of the Premium**

1. Insured deposits form the basis for the calculation of the insurance premium.

2. For subject members, the periodic deposit insurance premium is calculated and paid on a quarterly basis.
3. For banks, the quarterly insurance premium is 0.125 percent of the arithmetic average of the sums of insured deposits that are registered in the bank on the last day of every month of the preceding quarterly.
4. For SCAs, the quarterly insurance premium is 0.075 percent of the arithmetic average of the sums of insured deposits that are registered in the SCA on the last day of every month of the preceding quarterly.
5. To the effect of calculating insurance premiums, the quarterly starts on the first day of January, April, July and October.
6. The quarterly premium is paid no later than on the 15<sup>th</sup> of the first month of the quarterly for which it is paid.
7. At the same time of payment of the premium for every quarterly, every subject member of the scheme or union of SCAs presents to the Agency the declaration of premium calculation according to its requirements.
8. The payment of the premium is made in leke in the account of the Agency at the Supervisory Authority.
9. With a decision of the Board of Directors of the Agency, the quarterly premium payable by the subject members may be increased, decreased or paid prior to the deadline. The Agency notifies the Supervisory Authority of these decisions. If the sum of the premium paid before the legal deadline is greater than the sum of the premium payable for the subsequent period, then the difference shall be reimbursed to this subject.
10. The Agency may increase the quarterly premium payable by the subject members up to 0.175 percent of the arithmetic average of the sums of insured deposits that are registered in the subject on the last day of every month of the preceding quarterly.
11. The Agency may decrease the quarterly premium payable by banks members of the deposit insurance scheme up to 0.025 percent of the arithmetic average of the sums of insured deposits that are registered in the bank on the last day of every month of the preceding quarterly, but only if the financial means of the Agency are no less than 5 percent of the average of these deposits.
12. The premium of the first year of activity for banks is valued with 0.5 percent of the arithmetic average of the sum of insured deposits held at the bank in every working day during this period. For the remaining period until the end of the calendar year, the quarterly premium is valued proportionately for this period, based on the by-law of the Supervisory Authority.
13. The premium of the first year of activity for SCAs is valued with 0.3 percent of the arithmetic average of the sum of insured deposits held at the SCA in every working day during this period. For the remaining period until the end of the calendar year, the quarterly premium is valued proportionately during this period, based on the by-law of the Supervisory Authority.

### **Article 36**

#### **Special contribution**

1. With the proposal of the Board of Directors of the Agency and approval of the Supervisory Authority, the subject members pay a special contribution, which fulfills the following criteria:
  - a) the special contribution is used in the event of forecast of the deficit or for purposes of reconstruction of the funds and financial means of the Agency in case of compensation of the insured deposits or transfer of funds in the sale of the bank or incorporation of the bridge bank

by the Agency, or for the settlement of loans taken by the Agency for this purpose.  
b) the special contribution of subjects members is collected by the Agency only once during the calendar year. The amount of the special contribution is equal for all subject members and in any case is not more than 1% of the total of insured deposits that are registered in the member subject on the last day of the preceding month from the date of notification of the Agency.

2. The contribution is paid by the subject members in leke upon receipt of notice by the Agency of the decision of the Supervisory Authority on the obligation of its payment and, in any case, no later than the date determined in the notice of the Agency.

3. With the proposal of the Board of Directors of the Agency, the Supervisory Authority names the subjects members which, by reason of maintaining their solvency, may be excluded from the payment of the respective special contribution.

### **Article 37**

#### **Accounting of contributions and premiums**

1. Initial contributions, premiums and special contributions are calculated as expenses of member subjects.

2. Initial contributions, premiums and special contributions are non-refundable.

### **Chapter IV**

#### **Compensation of deposits and participation of the Agency in the sale of the bank or incorporation of the bridge bank**

### **Article 38**

#### **General conditions of deposit compensation**

1. Compensation of the insured deposit is the monetary value, which is attributed to or paid to the depositor in the case of the insurance event in accordance with this law. Participation of the Agency through the transfer of funds in the sale of the bank or incorporation of the bridge bank is considered fulfillment of the obligation to compensate the insured deposits.

2. The maximum level of compensation for every depositor is calculated according to the determinations of Article 33 "Maximum level of coverage" of this law, deducting from it the sum of due obligations of the depositor to the subject member, that results in delays in settlement on the day of intervention by the Supervisory Authority.

3. The sum of compensation is paid up to the maximum level of coverage only if it exceeds the amount of ALL 100 (one hundred).

4. The day of intervention is the day of the calculation of insured deposits on an insurance event, in order to calculate the amount of compensation.

5. In the case of voluntary liquidation of the subject member of the deposit insurance scheme, deposits remain insured, in accordance with the provisions of this law, until the completion of this process. In any case, the Agency compensates deposits only after written notice by the Supervisory Authority for the insurance event.

6. Deposits in foreign currency are converted to leke, according to the official exchange rate determined by the Supervisory Authority on the day of the insurance event.

7. Term deposits are considered expired on the day of placement of the subject member in mandatory liquidation by the Supervisory Authority, except in the event of its transformation or



participation of the Agency in the sale of the bank or incorporation of the bridge bank.

8. In the case of deposits placed as a guarantee for a third person or deposits seized by the subject, which benefit this right by law, the rights of compensation of the deposit are assigned to the deposit holder if in the insurance event the deposit holder is freed from the guarantee obligation or from the obligation for which the deposit has been seized. If the holder is not freed from the guarantee obligation or the obligation for which the deposit has been seized, the compensation sum is calculated for the benefit of the third person, in favor of the guarantee or seizure.

9. In the case of deposits placed for the benefit of a third person, the rights of compensation are assigned to the third person.

10. In the case of deposits placed on a condition or for a term for the benefit of a third person, the rights of compensation are assigned to the third person, if on the insurance event the respective condition and term are satisfied.

11. The liquidator evaluates and performs the compensation of deposits with the remaining value of the obligation of the depositor towards the subject. Collateral deposits frozen by the depositor for the subject member through an agreement, according to which this deposit would only serve to repay the obligation owed to the subject member, are not considered as insurable for purposes of compensation.

12. The Agency has the right to refuse compensation or request a refund of the compensation for insured deposits when the right to compensation is based on fraudulent and untrue data and when it notes it does not have an insurable interest. Insurable interest is the legal interest and the objective need of depositors to be protected from the financial loss of deposits on an insurance event.

13. Upon completion of the legal term of the compensation process, the remaining compensation fund for insured deposits, composed of the sums of compensation that remain unpaid until completion of this term, is transferred by the Agency to a special account at the Supervisory Authority. In accordance with the provisions of this law, depositors may submit to the Agency within 10 years from the occurrence of the insurance event to claim the compensation sum.

14. Every depositor has the right to deposit a complaint at the Supervisory Authority. The decision of the Agency is followed without limit during the complaint period and any other appeal or legal process related to the appeal. The act of the Supervisory Authority is appealed according to law no. 9662, date 18.12.2006, "On banks in the Republic of Albania".

### **Article 39**

#### **Deposit compensation procedure**

1. The compensation procedures shall immediately commence when the Agency is notified in writing by the Supervisory Authority of the placement of the subject member of the deposit insurance scheme in mandatory liquidation. The compensation ends no later than three months from its date of initiation.

2. The Board of Directors of the Agency requests the Supervisory Authority to extend the term for performing the compensation, particularly in cases of inaccuracy of the accounting documents of the subject or in the functioning of its electronic systems.

3. The Supervisory Authority takes a decision in relation to this request within two days from its receipt.

4. The Agency may compensate the insured deposit through one of the following:

a) payment of the sum in leke to the person in the facilities of the subject placed in liquidation

in cooperation with the liquidator;

b) payment of the sum in leke to the person in the facilities of a bank member of the scheme (agent bank).

c) transfer of the sum that is gained by the depositor to a bank member of the deposit insurance scheme;

d) payment with a cheque;

e) other payment methods approved by a by-law of the Supervisory Authority.

5. The agent bank that will perform the compensation process is appointed by decision of the Board of Directors of the Agency, in accordance with the selection criteria proposed by the Agency and approved by the Supervisory Authority.

6. The Agency, within 2 days from placement of the subject member of the deposit insurance scheme in mandatory liquidation, cooperates with the liquidator and collects from him:

a) the list payment of depositors, with data on the register of deposit obligations owed to depositors of the subject placed in liquidation, in the format of a name and quantity payment list, approved with a by-law of the Supervisory Authority;

b) data on the network of branches and agencies received from the bank placed in liquidation;

c) any other information requested by the Agency for compensation purposes.

7. The liquidator is legally responsible, according to the legislation in force, for the authenticity, accuracy and completeness of the information sent to the Agency, particularly for:

a) the payment list of depositors;

b) determination of the right of claim and value of compensation, according to the title of depositors in deposits in co-ownership, based on the conditions of placement of the deposit;

c) determination of the right of claim and value of compensation according to the title for deposits placed as collateral, guarantee, under seizure, and for the benefit of third parties, based on the conditions of placement of the deposit and/or the obligation owed to the bank placed in liquidation, results of the mediation process with depositors, acts of inheritance or court decisions.

8. The Agency is not responsible for compensating deposits of mistaken persons, neither for compensating deposits in the wrong amount, based on the payment list of depositors, as well as for non-performance of deposit compensation of the right person, by reason of non-inclusion of this person in the payment list of depositors received from the liquidator.

9. The Agency is not responsible for crossing the deadline for compensation, of the term determined in this law, because of a force majeure.

10. The Agency publishes the notice for the start of the compensation process and place and time of deposit compensation within 3 days after notification in writing by the Supervisory Authority for the placement of the subject in mandatory liquidation.

11. The depositor or his representative have the right to receive information determined in point 10 of this Article, directly in the facilities of the subject placed in mandatory liquidation, the SCAs union or the agent bank.

12. The Agency may request from depositors that benefit compensation, pursuant to this law, to present, in addition to identification documents, copies of the following documents:

a) deposit document;

b) evidence of inheritance;

c) any other document that proves the claim on deposit compensation.

13. The Board of Directors, for social reasons, decides on performance of partial and preliminary payments, according to the cases and criteria envisaged by a by-law of the Supervisory Authority.

14. With the payment of the deposit compensation, the agent bank or liquidator issues to the depositor a document of performance of payment, whereas a copy of this document is sent to the Agency.

15. If the depositor is not in the payment list of depositors or has claims on the compensation sum set for payment, he may present the necessary documents that prove his claim. The Agency and liquidator, within 10 calendar days from receipt of these documents, process whether the claim is considered based on facts and the liquidator performs the amendments in the payment list of depositors according to the final decision of the Agency. The assessment of such claims is made in accordance with the criteria and procedures approved by a by-law of the Supervisory Authority.

16. The relations of the agent bank and liquidator with the Agency are determined by a by-law of the Supervisory Authority.

#### **Article 40**

##### **Participation of the Agency with fund transfer in the sale of the bank or incorporation of the bridge bank**

1. In the event the Supervisory Authority decides for the transfer of some or all assets and obligations of the subject member of the scheme to another subject member or a bridge bank, including in any case the total of insured deposits, or during the process of conservatorship or liquidation, the Agency, under the instruction of the Supervisory Authority, transfers its financial means necessary to fulfill the difference between the obligations and assets that are transferred, if the value of the obligations is greater than the value of assets.

2. The Agency, under the instruction of the Supervisory Authority transfers its financial means for the fulfillment of the difference between the obligations and assets that are transferred to another subject member of the scheme or a bridge bank, only if the two following conditions are met:

- a) fulfillment of the difference, by the Agency, between the obligations and assets that are transferred, is made up to the sum of insured deposits, and
- b) this method is less costly than performance of the process of deposit compensation, including all expenses connected with this process, as assessed by the Supervisory Authority following the opinion of the General Director of the Agency. In the event of systemic risk, according to the evaluation of the Supervisory Authority, this condition is not applicable to the transfer of financial means of the Agency.

#### **Article 41**

##### **Priority of claims of the Agency in recovery**

1. Upon payment of compensation of the insured deposit, the Agency is ceded of all dues and rights of depositors up to the compensated sum.

2. Upon liquidation of the subject, the claims of the Agency arising from the payment of insured deposits are ranked together with small depositors up to the maximum level of

coverage, in accordance with this law, with the exclusion of the expenses of the Agency for preparing and performing the compensation process, which are ranked together with the liquidator and the Bank of Albania.

3. Acts or omissions in the usage of the right and dues are kept by the Agency in the name and for the account of the depositors or the Agency itself up to the level of deposit compensation.

4. The cession of rights and dues of depositors compensated in the Agency does not jeopardize the rights of these depositors towards the subject member of the scheme, for the account of these deposits, to the extent that the credit balance exceeds the compensation level paid by the Agency.

5. The Agency has the right to appeal the report of the liquidator to the Supervisory Authority, when it notes that the actions proposed by it during the liquidation of banks and SCAs are in contravention with its legal interests.

6. The claims of the Agency that arise from completing the difference between the obligations and assets transferred, are ranked together with small depositors up to the maximum level of coverage, in accordance with this law, with the exclusion of the expenses of the Agency for preparing and performing the process of transferring financial means which are ranked together with the liquidator and the Bank of Albania.

## **Chapter V**

### **Administration of the Deposit Insurance Agency**

#### **Article 42**

#### **Legal form of the Deposit Insurance Agency**

1. The Agency is a public legal person, with headquarters in Tirana.

2. The Agency administers in good faith its initial funds, contribute of the Budget of the Albanian State.

3. The Agency owns other financial means generated from the sources determined in this law.

4. The Agency does not respond for the obligations and responsibilities of the Republic of Albania.

5. The Agency has its own logo and stamp protected by the legal framework of the Republic of Albania.

6. The Agency is excluded from value added tax and income tax in relation to the service of deposit insurance and income from the insurance activity and administration of financial means.

7. Only for purposes of preparation and performance of the compensation process, as well as for the participation of the Agency in the sale of the bank and incorporation of the bridge bank, the Agency is excluded as subject of the provisions of the law for public procurement and of the by-laws in force for its application, including performance of these functions, in accordance with the provisions of this law.

8. The execution of the obligations of the Agency arisen during the compensation process is suspended until full completion of this process.

9. The Agency is dissolved and liquidated by law.

### **Article 43**

#### **Functions of the Agency**

1. The Agency shall exercise its functions with the aim of achieving its objectives in accordance with this law. In particular, the Agency:

- a) accepts and excludes subjects in the scheme;
- b) keeps the register of the subjects members;
- c) verifies periodically reported data from subjects members, in particular the accuracy and completeness of registration and intersection of the claims of depositors and subjects among them;
- d) electronically processes data through the access of the Agency to accurate and complete data of depositors and deposits in subjects members;
- e) undertakes full and partial inspections in connection with the insurance and compensation of deposits in subjects members;
- f) determines the content and method of informing depositors by subject members;
- g) conducts activities for the awareness and education of the public on the deposit insurance scheme;
- h) places preventive measures to subjects members in cases of non-compliance with this law;
- i) proposes to the Supervisory Authority placement of sanctions on subject members;
- j) performs simulations and testing in the process of deposit compensation, including subject members and contracted subjects, with the aim of identifying their readiness for this process;
- k) participates in the process of transformation, conservatorship, mandatory liquidation in the subject members;
- l) compensates deposits according to the provisions of this law;
- m) participates in the measures for managing risk of subjects, which may have detrimental consequences for depositors;
- n) participates in the mediation for the sale or sales of the assets of the subject place in mandatory liquidation, for which during the process of compensation, the Agency has the right of claim for recovery;
- o) participates in contingency plans for the prevention and management of systemic risks;
- p) collects initial contributions, insurance premiums, extraordinary contributions and commissions for certificates;
- q) invests temporarily free monetary means of the Agency, according to the provisions of this law;
- r) administers its funds and assets that serve to compensate insured deposits and for the aimed level of the deposit insurance fund;
- s) benefits financial means through taking loans, subsidies and grants;
- t) benefits of additional financings, in particular for the compensation of insured deposits or participation in the transfer of funds in the sale of the bank and incorporation of the bridge bank;
- u) undertakes financial and predictive analysis, evaluates the level of exposure to risk of subjects and evaluation of potential compensation;
- v) gives technical consultancy connected with its activity;
- w) undertakes any other function that is ancillary to the above mentioned functions.

2. No other person, except the Agency, shall perform deposit insurance of the subject members of the scheme that perform their activities in the Republic of Albania.

## **Article 44 Powers of the Agency**

1. In order to achieve its objectives and perform its functions, the Agency shall have the following powers:

- a) approve its budget;
- b) approve its organizational structure;
- c) issue acts in accordance with Article 3, point 3, of this law;
- d) create contracts and agreements with public and private subjects;
- e) possess, enjoy, and purchase tangible and intangible assets that serve its activity;
- f) receive intellectual and technical services related to the activity of deposit insurance and compensation;
- g) with a decision of the Board of Directors, creates pension funds for employees, makes similar agreements for the benefit or protection of its employees, in accordance with the legislation in force for voluntary pension funds, as well as contributes in equivalent costs of these agreements;
- h) with a decision of the Board of Directors creates policies that regulate financial relations of employees of the Agency with member subjects, aiming at avoiding conflict of interests, but without prejudice to their right to enter this agreement in accordance to market conditions.

2. The Agency may outsource to third parties for the performance of any activity with the purpose of fulfilling its functions in accordance with the legislation in force on public procurement. The Supervisory Authority shall approve with a by-law the criteria, rules and procedures for such outsourcing, in accordance with paragraph 7 of Article 42 of this law.

## **Article 45 Organization of the Agency**

1. The Agency is organized, directed and performs its activity through the Board of Directors, the General Director and employees as determined under this law.
2. The sole administrative and supervisory bodies of the Agency are the Board of Directors and the General Director.

## **Article 46 Preliminary requirements for suitability and capability**

1. Any person that is or will be a member of the board of directors, general director and employee of the Agency must meet the requirements for suitability and capability in relation to the respective position.
2. The Supervisory Authority determines if a person is suitable and capable to hold the respective person as a member of the Board of Directors, General Director in the Agency on the basis of the following criteria:
  - a) integrity, honesty and devotion in the fulfillment of his functions;
  - b) competence, professional capability and sound judgment in the fulfillment of his functions;

c) independence in order not to threaten the interests of the Agency from conflict of interest that can be created during the performance of obligations.

3. Except for the above-mentioned provisions, the Authority appreciates the former behavior and activity of the person under question, in business or in financial matters and in particular reviews if there is data that shows that this person has been or is:

- a) convicted for committing criminal offenses;
- b) involved or connected with financial loss suffered from dishonest, irresponsible or negligent activity, related to the performance of financial services and administration of subjects or other institutions;
- c) engaged in trade practices, including tax evasion, which the Authority judges as deceiving, threatening and inappropriate practices, irrelevant of whether they are lawful or not, or that in any manner reflect the lack of values of a person in the performance of financial services and other trade activities.
- d) actively engaged in political activity.

4. The requirements for suitability and capability determined in this Article must be met by the persons mentioned in paragraph (1) of this Article during the whole time of them being in duty.

#### **Article 47**

##### **Criteria for members of the Board of Directors and the General Director**

1. The candidate for member of the Board of Directors and General Director must meet the following criteria:

- a) must be citizen of the Republic of Albania;
- b) graduate or postgraduate diploma in economics or law and professional qualifications, necessary for the careful administration of the activity of the Agency;
- c) not less than 7 years of professional experience in the area of banking and/or financial system and other public state institutions;
- d) holder of a leading position for at least 3 (three) years in financial institutions that operate in the internal or external financial market;
- e) must not have been, in the last ten years, partner or member of a leading or controlling body, or administrator of a subject for which liquidation procedures have been initiated. The 10 year term starts from the date of decision by the court for the initiation of liquidation procedures;
- f) must not have been, in the last ten years, partner or member of a leading or controlling body, or administrator of a subject for which temporary administration procedures have been decided. The 10 year term starts from the date of notification of the act for the application of temporary administration procedures;
- g) must not have had, in the last ten years, a leading or controlling positions in a trade subject or financial institution, whose right to perform its trade or financial activities inside or outside the country has been withdrawn;
- h) must not have contributed or helped in the creation of unauthorized trade activities of acceptance and collection of deposits;
- i) must not have contributed or helped in the performance of unauthorized activities of the bank and financial mediation;
- j) must not be a member of leading bodies of another subject, administrator, representative or

employee of another subject of the banking and private financing sector, with or without reward;

k) must not be a internal or external auditor of a subject in the banking and financial sector, with or without reward;

l) must not be refused by the Supervisory Authority in the last 12 months of his request to become member of the administrative council of a subject, the activity of which is the object of supervision from the Supervisory Authority;

m) must not have been or be subject of procedures of declarations of insolvency towards third parties.

2. The criteria for the professional experience envisaged under letter (c) of paragraph (1) of this Article, is not less than 10 years for the General Director.

3. The documentation is presented in Albanian language.

4. The documentation is submitted to the Supervisory Authority in a closed envelope or sent through registered post.

### **Article 48** **Board of Directors of the Agency**

1. The Board of Directors of the Agency is composed of 5 (five) members including the General Director.

2. The General Director can not be the chairman of the Board of Directors

3. The members of the Board of Directors are named by the Supervisory Authority, proposed as follows:

a) two members from the Supervisory Authority;

b) two members from the Ministry of Finance;

c) one member from the Professional Union of Accounting Experts.

4. Except the General Director, members of the Board of Directors are not employed by the Agency.

5. Members of the Board of Directors of the Agency are named for a term of 5 (five) years and may be re-elected based on the performance indicators of their activity. The dates of stay in duty of the members are spread over this five year period.

6. During the processing of the request, the Supervisory Authority may request the proposed candidate, according to point 3 and 5 of this Article, to deposit the administration and well-functioning program of the Agency.

7. The Supervisory Authority refuses candidates for members of the Board of Directors if:

a) from the processing of the information and documentation that it possesses, it results that prior actions done by the candidate, may influence negatively in the activity of the Agency, particularly in relation to the management of risk of its activity;

b) from the processing of the program it finds that the administration of the Agency will not be done in accordance with the provisions of this law or the legislation in force;

c) it results that the candidate in the request, documentation or program of administration handed to the Authority, has presented false data;

d) the candidate does not meet preliminary requirements for suitability and capability, envisaged in Article 46 of this law.



8. The period of validity of the approval defined in paragraph 5 of this Article ends in the following cases:

- a) when, within 6 months from the date of the decision for the appointment by the Supervisory Authority, the person has not started exercising the competences of the respective position in the Agency;
- b) on the date of completion of the mandate of the member of the Board of Directors.

#### **Article 49**

##### **Change of the member of the Board of Directors and the General Director**

1. The Agency does not change a member of the board of directors and the General Director without prior approval of the Supervisory Authority.
2. The Supervisory Authority approves the request of the Agency for changing a member of the Board of Directors and the General Director within 30 calendar days from receipt of the proposal. The decision for the proposal is taken by a qualified majority of votes of the members of the Board of Directors.
3. The Supervisory Authority requests additional information from the Agency within 14 calendar days from receipt of the proposal for change. The Supervisory Authority responds to request of the Agency within 30 calendar days from receipt of additional information, but in any case within 90 calendar days from receipt of the proposal to change a member of the Board of Directors.
4. The Agency notifies in writing the Supervisory Authority for any change of data on the basis of which the Authority has evaluated and approved the member of the Board of Directors and the General Director. In this case the Supervisory Authority, if it judges necessary, re-evaluates the person in question in accordance with this law.
5. The Agency notifies in writing the Supervisory Authority of the completion of the mandate, duty or function of permanent members of the Board of Directors, as well as respective proposing institutions.

#### **Article 50**

##### **Termination of membership and dismissal of members of the Board of Directors**

1. Any member of the Board of Directors, including the General Director, shall be dismissed by the Supervisory Authority if:
  - a) it is impossible for him/her to serve in the Board of Directors, according to Article 47 of this law;
  - b) he/she is convicted by a final decision of a court for a criminal offence;
  - c) he/she is declared insolvent or has been administrator in the last 10 (ten) years of a trading company which is declared insolvent;
  - d) he/she is prevented or suspended by a court to perform his duty as a civil servant or in the public service, or to perform his activity or workmanship;
  - e) he/she is in marital or blood relationship, up to second degree, with other members of the Board of Directors of the Agency, or with a member of the Board of Directors or with a administrator or person who has more than five percent of shares with voting

- rights of the subject member of the deposit insurance scheme;
- f) he/she has missed three or more consecutive meetings of the Board of Directors without a reasonable cause;
- g) he/she is in a physical or mental impossibility to cover the functions given;
- h) he/she commits a material ethical breach and threatens the interests of the Agency;

2. The members of the Board of Directors are relieved of duty in the following cases:

- a) the mandate of appointment as a member of the Board of Directors ends;
- b) the relationship of employment in the proposing institution ends, in the event the member is an employee of this institution; or
- b) the member resigns or dies.

3. No member of the Board of Directors is suspended or dismissed for other reasons.

4. Members of the Board give notice of their written resignation in the Agency not less than three months prior to leave.

5. Any vacancy in the Board of Directors is replaced with an appointment of a new member to serve until the end of the mandate of the replaced member.

## **Article 51**

### **Meetings of the Board of Directors**

1. Meetings of the Board of Directors are led by the Chairman. Members of the Board of Directors appoint as Chairman one of the members of this Board. The Chairman of the Board of Directors is not the General Director of the Agency.

2. The Board of Directors meets whenever requested to realize the activity of the Agency, but not less than once in two calendar months. The Board of Directors meets with the request of the Chairman, the General Director or the Supervisory Authority, as well as with the request of not less than two members of the Board of Directors.

3. Every member of the Board of Directors has the right to one vote. The meeting of the Board is held in the presence of more than half of its members.

4. Except for cases when it is otherwise envisaged in the Statute of the Agency, the decisions of the Board of Directors are approved by a simple majority of votes of its members, that are present in the meeting. Only the members of the Board that are personally present have the right to vote; as an exception to this rule, the Statute of the Agency may allow that in the meetings of the Board of Directors the voting is done through other means of communication, as determined by-laws. In case of equal votes, the chairman of the meeting has the determinative vote.

5. The decisions of the Board of Directors are taken with an open vote, except the cases when the voting is made for persons and when the Board decides otherwise.

6. The meetings of the Board of Directors are registered. The register is signed by the Chairman and the Secretary of the Board of Directors. The secretary is not a member of the Board of Directors.

7. The Board of Directors may invite in its meetings representatives of subjects members of the scheme in order to give information and/or express their views for matters that are judged appropriate by the Board.

**Article 52**  
**Competences and responsibilities of the Board of Directors**

1. The Board of Directors has the following competences and responsibilities:

- a) guarantees compliance of the legislation in force by the Agency;
- b) analyses the conformity of its activity with the objective determined in this law, at least once in five years, also based on the interaction of interest groups;
- c) administers the risk to which the Agency is exposed to during the exercise of its activity by taking necessary measures;
- d) creates the system of internal control for all areas of activity of the Agency, as well as its functioning;
- e) reports and informs to the Supervisory Authority;
- f) approves the statute, internal regulation, strategic and annual plans of the activity of the Agency;
- g) proposes the dismissal of the members of the Board of Directors and the General Director of the Agency;
- h) approves the standard managerial contract that the Agency signs with the General Director;
- i) supervises the activity of the General Director and processes his reports on the administration of the activity of the Agency;
- j) approves the organizational structure of the Agency;
- k) approves the project budget of the Agency and notifies the Supervisory Authority of this;
- l) proposes for approval to the Supervisory Authority the level and structure of the wages and bonuses of employees of the Agency, the General Director and the reward of the members of the Board of Directors;
- m) decides on administration policies of financial means of the Agency;
- n) approves criteria for selection and selects internal and external specialized audits of the Agency as well as processes their reports;
- o) supervises the maintenance of accounting, preparation of financial and statistical reports of the Agency, as well as other requested reports by the Supervisory Authority, as well as guarantees the authenticity and accuracy of these data in accordance with determined rules and methods;
- p) approves the annual balance, annual report and other financial reports of the Agency;
- q) approves methods for the distribution of expenses related to the activity of the Agency;
- r) decides on the forecast of the deficit of the deposit insurance fund and requests the Ministry of Finance to present to the Council of Ministers the draft law for the fulfillment of the financial resources and funds of the Agency from the funds of the State Budget, no later than 3 days from the receipt of notice by the General Director, as well as notifies the Supervisory Authority of this;
- s) requests the appointment of financial means from the State Budget no later than 5 days from receipt of notice from the General Director of the Agency, notifying the Supervisory Authority of this.
- t) approves loans, subsidies and donations taken by the Agency for performance of its activities;
- u) determines insurance premiums, contributions of membership and special

- contributions in accordance with this law;
- v) approves and revokes the issuance of the certificate for the fulfillment of the legal and sub-legal requirements related to deposit insurance and approves the membership or exclusion of subjects from the scheme;
- w) approves preventive measures that the Agency exercises on subjects members, according to the provisions of this law and by-laws, and proposes to the Supervisory Authority sanctions to be taken on subjects members, according to the provisions of this law;
- x) decides on the compensation of insured deposits in accordance with the provisions of this law;
- y) approves the decision to open representative points of the Agency for compensation purposes;
- z) proposes for approval to the Supervisory Authority the deferment of the exercise of the compensation process;
- aa) decides for the creation of specialized committees;
- bb) decides for the participation of the Agency in the functions of conservatorship, liquidation, sale of the subject members, and for the claim of the Agency on ceded dues from the compensation of depositors;
- cc) approves the rules and procedures of outsourcing;
- dd) approves the rules and procedures for the procurement of services and goods for the purposes of preparation and performance of the compensation process and participation of the Agency in the sale of the bank and creation of the bridge bank according to the provisions of this law.

2. The decisions of the Board of Directors that affect subject members are published in the Official Journal.

### **Article 53** **Responsibilities of the General Director**

1. The General Director of the Agency is appointed and dismissed by the Supervisory Authority with the proposal of the Board of Directors for a mandate of 5 years with a re-election right not more than one, on the basis of performance indicators in the administration of the Agency. The Board of Directors approves the terms and conditions of his employment.
2. The General Director acts as the executive director of the Agency. The rights and duties of the General Director are regulated in the statute of the Agency.
3. The General Director answers to the Board of Directors for carrying out the decisions and duties of the Agency.
4. The General Director signs a managerial contract with the Agency. He enjoys all benefits of the legal framework of the Republic of Albania on social and health insurance at the Agency.
5. The General Director proposes to the Board of Directors:
  - a) the creation and composition of the strategic committee of the Agency;
  - b) draft by-laws that are presented for approval to the Supervisory Authority;
  - c) initiation of procedures at the respective authorities for legislative and regulatory initiatives of the deposit insurance scheme;
  - d) the decision for the payment of compensation to depositors in accordance with the provisions of this law;
  - f) the decision for acceptance and exclusion from the scheme of subjects;

- g) the decision for proposal at the Supervisory Authority of sanctions;
- h) approval of the decision for the deficit of the deposit insurance fund and the request directed to the Ministry of Finance to present to the Council of Ministers the draft law for the fulfillment of financial resources and funds of the Agency from the funds of the State Budget;
- i) approval of the annual balance, annual report and other financial reports of the Agency;
- j) the project budget of the Agency.

6. The General Director of the Agency exercises functions if they are not expressly envisaged as functions of the Board of Directors, and in particular has these competences:

- a) acts in the name of the Agency and represents its interests without special authorization in relations with the bodies of central and local government, public or private subjects, national and international organizations, responsible subjects of supervision and deposit insurance;
- b) leads the administration of the Agency and organizes the fulfillment of decisions of the Board of Directors;
- c) appoints employees of the Agency;
- d) allocates duties and functions among consultants and employees of the Agency;

7. The General Director is released from duty in these cases:

- a) expiry of the mandate as member of the Board of Directors;
- b) if the circumstances envisaged in Article 50 paragraph 1 of this law are met.

#### **Article 54**

##### **Conflict of interest and transactions with connected parties**

1. Members of the Board of Directors, the General Director and employees of the Agency must avoid, as much as possible, their private interest, which creates conflict of interest with the Agency. If they have such private interests that influence their judgment for certain transactions or matters that create conflict of interest, they have to make a declaration to their respective superior, particularly in the cases envisaged by the laws of the Republic of Albania.
2. Whenever matters related to these interests are discussed in the Board of Directors, the member that is related to the matter declares his interests at the beginning of the discussion and does not participate in the discussion and the decision for this matter. The presence of this member is calculated to the effect of quorum in the meeting.
3. Private interests are determined in accordance with the legislation in force for the prevention of conflict of interest in the exercise of public functions.
4. Relations and business transactions with connected and third parties, in which the member of the Board of Directors, the General Director and employees of the Agency have an interest, are done in accordance with normal conditions of the market, where there is no unfair favor earned by one party for the benefit of the other party.
5. The Agency approves procedures for the treatment of conflict of interest cases which must include informing of the potential conflict of interest, special requests for transactions that must be done in accordance with normal market conditions, where there is no unfair favor earned by one party for the benefit of the other party, as well as when it is judged appropriate to take prior approval from the Board of Directors for performance of these transactions.

6. In case of non-declaration of the conflict of interest according to this Article or when the contract or legal act is connected with the conditions for the existence of the conflict of interest, the following measures are taken:

- a) the Board of Directors or General Director may request the court to declare the contract or the other legal act as void;
- b) the Supervisory Authority or Agency suspends the person in question for a period up to one year;
- c) the Supervisory Authority or Agency decides to dismiss the person in question.

### **Article 55** **Legal protection during the exercise of duty**

1. The Agency is only legally liable for damage caused to third parties, as a result of illegal or culpable acts or omissions.
2. The members of the Board of Directors, persons that are or have been employed, or contracted to act in the name and interest of the Agency, cannot be sued by third parties for acts committed in the exercise of their functional duties and fulfilment of their legal responsibilities, determined in this law. This protection does not apply to criminal prosecution.
3. In case the Agency is found liable, through court decision, for acts or omissions committed by persons mentioned under point 2 of this Article, the Agency has the right to request from those persons the refund of the damages and related expenses.
4. The Agency covers the expenses of the involvement of persons determined in point 2 of this Article in the proceedings against them.
5. The Board of Directors may procure coverage with insurance for the risks of indemnification towards third parties.

### **Article 56** **Confidentiality**

1. No person, that serves or has served as a member of the Board of Directors, General Director, employee of the Agency, and persons contracted or authorized by the Agency must not in an unauthorized manner:
  - a. allow the disclosure or publication of non-public data, which have been gained from the performance of duties at the Agency;
  - b. to use or allow that these data be used for personal gain.

## **Chapter VI** **Administration of financial means of the Deposit Insurance Agency**

### **Article 57** **The funds of the Agency**

1. The funds of the Agency for purposes of this law include initial funds for the insurance of

deposits, potential reserves and other funds accumulated from its activity.

2. The initial fund for deposit insurance in banks, which is kept at a separate account, is a contribute of the State Budget in the amount of ALL 400 000 000 (four hundred million). The fund is administered in good faith by the Agency and used to prepare and finance deposit compensation, in accordance with Article 38, paragraph 1 of this law.

3. The initial fund for deposit insurance in SCAs, which is kept at a separate account, is a contribute of the State Budget in the amount of ALL 76 000 000 (seventy six million). The fund is administered in good faith by the Agency and used to prepare and finance deposit compensation, in accordance with Article 38, paragraph 1 of this law.

4. The initial funds of the Agency are created or increased with the expansion of the scheme, in particular if subjects of a different legal nature from those envisaged in this law are included in the scheme.

5. The accumulated funds are increased or decreased with the profits or losses from the activity of the Agency.

6. The deposit compensation funds include the respective initial funds, the reserve and the respective accumulated fund, deducting the respective expenses of the Agency budgeted for the last financial year, as well as the cost of compensation or transfer of the financial means. On the occurrence of the insurance event, lending from one fund to the other to complete their insufficiency is not allowed, except in the cases when the Board of Directors of the Agency decides for the issuance of loans between the funds, by giving notice to the Supervisory Authority. The manner and criteria of the loan shall be regulated with a by-law of the Supervisory Authority.

7. The Board of Directors of the Agency may create a reserve fund for the coverage of risks of its activity. The reserve is a liquid fund of the Agency frozen at the Supervisory Authority to fulfill future obligations that may arise from its activity.

## **Article 58**

### **Financial resources of the Agency**

1. The financial resources of the Agency include:

- a) initial contributions of subjects that become members of the deposit insurance scheme;
- b) premiums of insurance of the subjects members of the deposit insurance scheme;
- c) loans, subsidies and donations. Loans may be guaranteed through a guarantee given by the Agency itself, using its assets or future claims of the Agency;
- d) proceeds and capital gains earned from its assets;
- e) the special contribution paid by subject members of the deposit insurance scheme;
- f) refunds from liquidations.

2. The financial resources of the Agency are used to fulfill its objectives and functions, determined in this law.

3. The Agency informs the Supervisory Authority on new financial resources in accordance with this law.

4. The financial resources of the Agency must not come from funds whose origin is illegal.

## **Article 59**

### **Financial means**

1. Financial means are administered in accordance with the investment policy approved by

the Board of Directors. The investments policy determines procedures, criteria and limits of concentration and maturity applicable by the Agency in the administration of financial means.

2. The administration of financial means is done in compliance with the principles of liquidity, security and return rate.

3. Financial means of the Agency are only invested in:

- a) debt securities issued by the Government of the Republic of Albania or the Supervisory Authority, in leke or foreign currency;
- b) debt securities issued by the governments or central banks that are rated "investment grade" by reputable international rating agencies;
- c) deposits or debt securities issued by international financial institutions that are rated "investment grade" by reputable international rating agencies;
- d) debt securities issued by international corporations that are rated "investment grade" by reputable international rating agencies;
- e) deposits with interest at the Supervisory Authority.

4. With the aim the administration of its financial means, the Agency may enter into agreements with the Supervisory Authority or international institutions for financial administration, who for the account of the Agency invest its financial means in a foreign currency in accordance with the aims set in points 1, 2 and 3 of this Article.

5. With the aim of ensuring necessary liquidity for the fulfillment of its obligations that arise from this law, the Agency may sell with the obligation to repurchase them, securities issued by the Government of the Republic of Albania according to the conditions approved by the Board of Directors of the Agency and the Supervisory Authority.

6. The Ministry of Finance, Supervisory Authority and Agency enter into agreement amongst them for the purposes envisaged in point 5 of this Article.

7. The Agency has an account at the Supervisory Authority.

8. The Agency keeps separate accounts for the financial means for insured deposits in banks and financial means for insured deposits in SCAs.

9. Payments of initial contribution, payments of annual premium of deposit insurance, as well as payments of special contribution from member subjects will be deposited in leke in the respective account of the Agency at the Supervisory Authority.

## **Article 60**

### **The purpose of using financial means**

The financial means of the Agency are used for:

- a) compensating the insured deposits according to the provisions of this law;
- b) fulfillment of the difference between the obligations and assets that are transferred from a subject member to another subject member or to the bridge bank, in accordance with Article 40 of this law;
- c) coverage of all administrative expenses for the performance of the compensation process, transfer of the fund according to Articles 38, 39 and 40 of this law, and administration of assets of the Agency;
- d) coverage of all administrative and financial expenses for the activity of the Agency according to the budget approved by the Board of Directors;
- e) settlement of obligations and loans taken for the fulfillment of the aims set under letters "a",



“b” and “c” of this Article.

## **Article 61**

### **Financial resources in the event of prediction of deficit of the Agency**

1. Deficit of the deposit insurance fund occurs when in the balance sheet of the Agency, the value of the financial means of a fund falls below the sum of obligations and the initial fund for that fund.

2. In the event when the Board of Directors predicts the deficit of one of the deposit insurance funds, the Agency in cooperation with the Supervisory Authority approve the plan for its fulfillment with financial resources.

3. The predicted deficit is covered, with the proposal of the Board of Directors and approval of the Supervisory Authority, through one of these methods:

- a) payment of the premium prior to the deadline, by each subject member of the scheme, in the amount not greater than four times of the last paid premium;
- b) increase of the premium payable by subject members;
- c) payment of a special contribution by the subject members of the deposit insurance scheme;

4. If the financial means insured, according to points 2 and 3 of this Article, are not sufficient, then:

a) the Agency may take a loan from the State Budget, in accordance with the legislation in force:

i) the degree of the loan that will be given is determined in such a manner that the financial capacity of the Agency is in proportion with the obligations of the funds, as well as be in conformity with the stability of public finances in the medium and long term.

ii) the interest of the loan that will be given must be not higher than the norms of interest of securities, with a comparable maturity, issued by the Albanian Government and marketable in the Republic of Albania.

iii) for the issuance of the loan, the Ministry of Finance enters into an agreement with the Agency and the Supervisory Authority, where, among others, the terms of this loan are determined.

b) the Agency may receive subsidies from the Government of the Republic of Albania, in accordance with the legislation in force.

c) the Agency requests to the Ministry of Finance to present to the Council of Ministers the draft decision for the increase of its initial funds.

## **Article 62**

### **Accounting and financial report of the Agency**

1. The Agency holds accounts and financial registers, which in any time must mirror in an accurate manner the financial status of the Agency, in accordance with law no. 9228, date 29.4.2004 “On accounting and financial statements”, as well as with international standards.

2. The Agency prepares a report and financial accounts at the end of every financial year.
3. The financial year starts on 1 January and ends on 31 December.

### **Article 63 Control**

1. Annual financial statements of the Agency are certified by external specialized auditors which are approved by the Board of Directors.
2. The activity of the Agency is controlled by internal auditors, which are approved by the Board of Directors.
3. The Agency is controlled by the Supreme State Audit.

## **Chapter VII Final Provisions**

### **Article 64 Prevention of money laundering and fraud in deposit insurance**

1. The Agency cooperates with the Supervisory Authority and exchanges information to take measures to prevent money laundering and financing of terrorism in the framework of deposit insurance.
2. The Supervisory Authority and the Deposit Insurance Agency inform each other when it is proved that a deposit is used for transactions connected with criminal activity, so that each acts as requested by the legislation in force.
3. The Agency cooperates with the Supervisory Authority and exchanges information to take measures for the discovery, prevention and remedy of cases of fraud in the area of deposit insurance. The Agency reports immediately to the Authority every fact that constitutes fraud in the area of deposit insurance.

### **Article 65 Taking measures against responsible parties**

1. The Agency has the right to request indemnification and in particular the right of redress against responsible parties for increase of risk in the activity of the subject member and the occurrence of the insurance event.
2. The Agency performs checks, separately or in cooperation with the Supervisory Authority, to spot acts of responsible parties that influence in the increase of risk of the activity of subjects members, in accordance with the by-laws in force.
3. The Supervisory Authority informs the Agency on measures taken and sanctions placed from the supervision of subject members, on the possibility of placing them in conservatorship or liquidation, as well as in other cases envisaged under an agreement between the parties.
4. The Agency cooperates with public and private authorities, for example bodies of order preservation and the Prosecution, particularly those for the prevention of financial crime, accrediting and professional qualification institutions, for purposes of taking pre-emptive and punishing measures against responsible parties in the increase of risk in the activity of subject members.
5. If the persons identified as responsible in accordance with this Article are found guilty, the Agency proposes to the Supervisory Authority the application of sanctions in accordance with

the law “On banks in the republic of Albania” or the law “On savings-credit associations” and requests indemnification, according to the laws in force.

## **Article 66** **Preventive measures**

1. The Agency takes preventive measures or proposes to the Supervisory Authority the application of sanctions towards subjects members of the deposit insurance scheme in the event of violations of this law, as well as of by-laws for its implementation, in particular, when the subject:

- a) does not pay insurance contributions and premiums, in the amount and the time determined in this law;
- b) calculates the premium in contradiction with the formula determined under this law as well as by-laws;
- c) gives to the Agency untrue and wrong data and information;
- d) impedes performance of the verification process in the facilities of the subject;
- e) informs depositors and third parties in contradiction with the provisions of this law and instructions of the Agency;
- f) registers data on deposits in an incorrect and incomplete manner, hindering the accurate determination of the insured deposit to the benefit of the depositor;
- g) does not fulfill the obligation and conditions for electronic systems for the registration of deposit obligations;
- h) does not participate in simulations and tests of the deposit compensation process organized by the Agency;
- i) does not interact with other subject members and the Agency to preserve trust in the banking and financial system in the case of an insurance event;
- j) does not immediately hand to the Agency the deposit insurance certificate upon receipt of notice by the Agency on the exclusion from the deposit insurance scheme.

2. The Agency, if it notices violations by the subject members, takes these preventive measures:

- a) warns the subject on the non-observance of obligations arising from this law and its by-laws;
- b) orders the subject to immediately cede its actions, considered as violations and takes corrective measures;
- c) gives the subject recommendations for the implementation of this law and its by-laws.

3. The Agency determines the term for the elimination of violations by the subject member.

4. The subject, within the term set by the Agency, presents to the latter a detailed report of the actions taken for the elimination of violations.

5. The Agency, on receipt of the report according to point 4 of this Article, verifies the elimination of the violations.

6. The Agency decides on whether to accept or not the report on the elimination of violations within 30 calendar days from its receipt.

7. In the event of repeated violations of the subject according to paragraph 1 of this Article or

refusal of the report of the subject on the elimination of violations by the Agency, the Supervisory Authority, with the proposal of the Agency, takes sanctions against subjects as envisaged in the law "On banks in the Republic of Albania" or the law "On savings-credit societies".

8. SCAs pay an additional premium of 0.3% in case of violation of regulatory indicators determined by the Supervisory Authority according to its by-law.

9. In case of delay in the payment of the premium, the subject member shall pay interests, equal to the loan for liquidity support of the Bank of Albania.

10. The Agency takes preventive measures in accordance with the by-law approved by the Supervisory Authority.

### **Article 67**

#### **By-laws**

The Supervisory Authority approves by-laws for the application of this law within 6 months from entering into force.

### **Article 68**

#### **Transitional provisions**

1. Savings-credit societies that are created and exercise their activity before the coming in force of this law, within 31 December 2015, shall meet all conditions for the fulfillment of the obligations that arise from this law and its by-laws. In the moment of inclusion in the deposit insurance scheme, these associations and those created by their transformation up to this moment, will not be subject to paragraph 13 of Article 35 of this law.

2. In every case, membership in the scheme of SCAs will only be made after disbursement of the initial fund, as well as fulfillment of the conditions by them, as is envisaged in this law and the law on SCAs.

3. Law no.8873 date 29.03.2002 "On deposit insurance", amended, is repealed.

4. All by-laws issued in conformity with law no.8873 date 29.03.2002 "On deposit insurance" are applied to the extent they do not contradict with this law, until their replacement with other by-laws.

5. The provisions of this law in relation to the insurance premium payable by banks members of the scheme come into force on 1 January 2015. In January 2015, the fourth installment of the annual premium for the last quarter of year 2014 and the premium for the first quarterly of year 2015 will be paid.

6. The mandates of the members of the Board of Directors, General Director and employment contracts continue uninterrupted, according to the respective term, independent from the repeal of law no.8873 date 29.03.2002 "On deposit insurance".

### **Article 69**

#### **Entering into force**

This law enters into force 15 days after being published in the Official Journal.