

Ministry of Labour and Social Policy

LAW ON VOLUNTARY FULLY FUNDED PENSION INSURANCE

Table of Contents

CHAPTER 1	
GENERAL PROVISIONS	3
CHAPTER 2 VOLUNTARY PENSION FUNDS	7
CHAPTER 3 PENSION COMPANIES FOR MANAGING VOLUNTARY PENSION FUNDS AND PENSION COMPANIES FOR MANAGING MANDATORY AND VOLUNTARY PENSION FUNDS	3
CHAPTER 4 ESTABLISHMENT OF PENSION COMPANIES FOR MANAGING VOLUNTARY PENSION FUNDS	21
CHAPTER 5 ESTABLISHMENT OF PENSION COMPANIES FOR MANAGING MANDATORY AND VOLUNTARY PENSION FUNDS.....	30
CHAPTER 6 OCCUPATION PENSION SCHEMES	46
CHAPTER 7 VOLUNTARY PENSION FUND MEMBERSHIP AND PAYMENT OF CONTRIBUTIONS	50
CHAPTER 8 CROSS-BORDER MEMBERSHIP OF VOLUNTARY PENSION FUNDS	53
CHAPTER 9 MARKETING OF VOLUNTARY PENSION FUNDS	55
CHAPTER 10 REPORTING AND INFORMING OBLIGATIONS	59
CHAPTER 11 FEES AND COMMISSIONS.....	78
CHAPTER 12 OPERATIONS WITH ACCOUNTS AND VALUATION OF PENSION FUND ASSETS.....	59
CHAPTER 13 INVESTMENT OF VOLUNTARY PENSION FUNDS	69

CHAPTER	14	PENSION
BENEFITS.....	69	
CHAPTER 15 THE CUSTODIAN.....	78	
CHAPTER16 TAXES.....	83	
CHAPTER17 PENALTIES	83	
CHAPTER 18 TRANSITIONAL AND FINAL PROVISIONS.....	95	

CHAPTER 1 GENERAL PROVISIONS

Article 1

(1) This Law regulates the Voluntary Fully Funded Pension Insurance, the creation and operation of Voluntary Pension Funds, the establishment and operation of Pension Companies for managing Voluntary Pension Funds (hereinafter: Voluntary Pension Companies), and Companies for Managing Mandatory and Voluntary Pension Funds (hereinafter: Joint Pension Companies) as well as the creation of Occupation pension schemes by Employers for their Employees and by Citizen Associations for their members.

(2) The voluntary fully funded pension insurance represents pension insurance on voluntary basis financed by capitalization of assets. This insurance shall cover individuals not covered with the mandatory pension insurance and individuals covered with the mandatory pension insurance for purposes of gaining additional income.

(3) In the voluntary pension funds shall be paid voluntary contributions from individuals, employers and citizen associations who elect to contribute to such funds, whose assets shall be invested in financial instruments and distributed in accordance with this Law. Voluntary pension companies and joint pension companies shall manage these funds.

(4) No entity other than a Company authorized under this Law may market or offer a voluntary pension funds, occupation pension schemes or similar pension arrangements, or use in its name the terms "pension company for managing voluntary pension funds", "pension company for managing mandatory and voluntary pension funds", "voluntary pension fund", "occupation pension scheme" or similar expressions, whether in Macedonian or a foreign language.

Article 2

The main principles on which this Law is based are:

1) **provision of additional assets in elderly age** - with the voluntary fully funded pension insurance is provided pension benefit at old age pursuant to this Law;

2) **membership in voluntary pension fund on voluntary basis** – member of a voluntary Pension Fund may be a person who is not covered with the mandatory pension insurance or a person covered with that insurance, by his/her choice;

3) **voluntary fully funded pension insurance based on defined contributions** –in this insurance the amount of the contribution paid is defined

before hand, while the amount of the pension benefit is not defined before hand and it depends on the paid contributions and the investment of the contributions.
;

4) **provision of assets for material safety of individuals on the basis of assets capitalisation**- the contributions paid on the individual accounts of the members are accumulated and invested

5) **investment of assets on the basis of safety, risk diversification and maintenance of adequate liquidity** –while investing the pension funds assets should be safety should be achieved, adequate liquidity of the assets should be maintained and their investing in different instruments with difference risks ; and

6) **transparency**- the pension funds members and retired members are given regular and detailed reports on their assets and the pension companies regularly inform the public and the members on their operations.

Article 3

In voluntary fully funded pension insurance it shall be forbidden to discriminate against the pension funds members and retired members on grounds of sex, race, skin color, language, faith and religion, political or other orientation, national or social origin, membership of a national or ethnic minority, and on grounds of property, family, state of health or age.

Article 4

The terms in this Law shall be defined as the following:

(1) **“Pension company for managing voluntary pension funds (voluntary Company)”** – means a joint stock company authorized and established to exclusively manage a voluntary pension fund in accordance with this law.

(2) **“Company for managing mandatory and voluntary pension funds (Joint Company)”** – means a joint stock company established and authorized to manage both a Mandatory Pension Fund and a Voluntary Pension Fund in accordance with this Law.

(3) **“Pension company for managing mandatory pension funds (Mandatory Company)”** - means a joint stock company established and authorized to manage only a Mandatory Pension Fund in accordance with the Law on Mandatory Fully Funded Pension Insurance.

(4) **“Company”** – means a Voluntary Company and a Joint Company.

(5) **“Voluntary pension fund”** - means an open investment fund established and managed by a voluntary pension company or joint pension company in accordance with this law.

(6) **“Mandatory pension fund”** – means a fund established and managed by a mandatory Company or joint Company, in accordance with law on fully funded mandatory pension insurance and this law.

(7) **“Agency”** – means the Agency for Supervision of Fully Funded Pension Insurance that regulates and supervises the Mandatory and the Voluntary Fully Funded Pension Insurance.

(8) **“Custodian”** - means an institution to which a Voluntary Company or Joint Company shall delegate the responsibility for the keeping of the assets of the Voluntary Pension Funds and performs other activities mandated with this Law.

(9) **“Financial Institution”** – means a bank, insurance company, fund manager, Company, asset manager or similar financial institution.

(10) **“Sponsor”** - means an Employer or Citizen Association with headquarters in the Republic of Macedonia that organizes and sponsors an Occupational Pension Scheme and pays voluntary contributions to a Voluntary Pension Fund for its employees or members.

(11) **“Occupation pension scheme”** - means a scheme agreed between an Employer and its employees or Citizen Association and its members, included in a Voluntary Pension Fund.

(12) **Affiliated entity**” in relation to a legal entity or person shall mean:

a) a single shareholder or group of shareholders holding a minimum of 10% of voting shares or it a smaller percentage than this and have direct or indirect control to the decisions making in that entity;

b) any other legal entity in which the first legal entity holds, directly or indirectly, minimum 10% of voting shares or holds a smaller percentage than this and have direct or indirect control to the decisions making in that entity;

c) any other legal entity in which a shareholder holds, directly or indirectly, more than 20% of voting shares and in the same time period the same shareholder holds more than 20% of voting shares in the first legal entity;

d) a person or legal entity that has direct or indirect control or are controlled by or are under common control by the legal entity;

e) a member of the management board, the supervisory board or other decision making or supervisory body of the legal entity;

f) the persons connected to persons listed in this item are the ones: in a relationship of marriage or adoption; children and parents; siblings; half-siblings; grandparents and nieces; on the other way in blood relation to second degree; persons in relation: parent, tutor and child, stepmother or stepfather and stepchild, daughter in law, son in law and the parents of the marriage spouses.”

(13) **“Control”** in terms of item (12) of this Article is when one entity:

a) Direct or indirect ownership of a majority share (in another legal entity), or

b) Direct or indirect ownership of a majority of the voting rights in another legal entity, or

c) Right to appoint and dismiss the majority members of the management bodies of other legal entity, directly or indirectly, including a concluded agreement with one or more shareholders of the other legal entity on yielding or associating their voting rights for the purposes of exerting mutual interests, or

d) Right to exercise, directly or indirectly, a dominant influence on the management and adoption of policies and financial and business decision of other legal entity.

14) **“Member”** - means an individual who has entered into a contract to be a member of a Voluntary Pension Fund and has an individual voluntary account or an individual who has a membership certificate from a Company managing the pension fund of which that individual is a member and has an occupation al account.

14-a) **„A retired member”** shall mean an individual who is entitled to a pension from the voluntary fully funded pension insurance, received through scheduled withdrawals or multiple payouts, and who has an individual and/or occupation al account in a Voluntary Pension Fund from which such individual withdraws the assets;

15) **„A voluntary individual account”** is an account in the name of a member in a Voluntary Pension Fund on which such member or another person pays the voluntary contribution on a voluntary basis or in the name of the voluntary member, and from which the retired member withdraws the assets;

16) **„Occupation al account”** is an account in a voluntary pension fund in the name of an employee, on which only the employer may pay the voluntary contribution or which is in the name of a member of a citizens’ association on which only such association may pay the voluntary contribution or of a retired member from which the retired member withdraws the assets;

17) **“Transfer”** - means a transfer of assets from one to another individual account of a Member in the same or another Voluntary Pension Fund.

18) **“Transaction fees”** – means fee of the Stock Exchange, fee of the Securities Depository and fee of legal entities that provide services with securities directly connected with trading of Voluntary Pension Fund assets

19) **“Agent”** - means a physical person performing marketing activities for Pension Funds.

19-a) **„ Authorized Actuary”** is an individual who is licensed by the Insurance Supervision Agency to work as an authorized actuary;

20) **“Pension Benefit”** – means a benefit paid from Voluntary Fully Funded Pension Insurance.

21) **“Good reputation”** has a person who has a competence, is hard working and has other characteristics which provide safety that by the way he/she works will not jeopardize the stability and security of pension companies and pension funds and will not jeopardize the interests of the members and retired members of pension funds, as well as there is no evidence of his/her prior inclusion in business activities that imply incompliance with the rules, business practices and

procedures.

22) **“Independent member of the Supervisory Board”** is a person that:

a) in the preceding five years:

- has no material interest or business relation with the company as a business partner or as a responsible person, member of a Management Board or member of a Supervision Board in the business partner of the company or
- was not employed, is not a member of a Management Board or member of a Supervision Board of the company”.

b) is not affiliated entity of the company, employed in the affiliated entity of the company or represents the affiliated entity of the company;

c) is not affiliated person with member of the Management Board or Supervisory Board of the company and

d) has not worked and does not works in the audit company that in the last three years has conducted external audit of the company working;

23. **“Marketing material”** is entire material for advertisement, promotion or information, related to voluntary pension fund or the managing company and

24. **„Marketing activities”** are all activities related to advertising of the Voluntary Company and the Voluntary Pension Fund, related to informing, to signing of Voluntary Pension Fund membership contracts and contract for the payout of assets from the Voluntary Pension Fund, which include:

a) Advertising of the Company activities and the activities of the Voluntary Pension Fund under its management;

b) Informing on the features of the Voluntary Fully Funded Pension Insurance;

c) Informing on the fees and commissions on transactions;

d) Informing on the return of the Voluntary Pension Fund;

e) Informing on the investment portfolio of the Voluntary Pension Fund;

f) Informing on the individual and occupation al accounts;

g) Membership activities and transfers of members from one to another Voluntary Pension Fund;

h) Signing scheduled withdrawal contracts, lump sum contracts and multiple payment contracts and

i) Other activities related to advertising and provision of information related to the operations of the Company and the Voluntary Pension Fund.

CHAPTER 2 VOLUNTARY PENSION FUND

Article 5

(1) A Voluntary Pension Fund shall be an open-end investment fund whose establishment and operation are in accordance with the Law on Investment Funds, unless this is regulated in a different manner by this Law. The Voluntary Pension Fund is consisted of the voluntary contributions (herein after: contributions) paid in the name and on behalf of the members, the assets of the members, the assets of the retired members and the returns on the invested contributions and assets, decreased for the fees charged by the Voluntary Pension Fund.

(2) A Voluntary Pension Fund shall be owned by its Members and Retired Members whose individual ownership rights shall be determined depending on the assets standing on their account, in accordance with Article 101 of this Law.

(3) The assets of the Voluntary Pension Fund shall be fully separated from those of its managing Company .

Article 6

A Voluntary Pension Fund shall be managed by a Company which shall present and represent it in relation to third parties.

Article 7

The Headquarters of the Voluntary Pension Fund shall be the same as the Company that governs it.

Article 8

The registered name of every Voluntary Pension Fund shall contain the words "Voluntary Pension Fund".

Article 9

The assets of the Voluntary Pension Fund cannot be subject to claims nor can asset execution be conducted by or on behalf of the governing Company's creditors.

Article 10

(1) The Voluntary Pension Fund has by-law which shall contain:

(a) Basic principles and special limits on investment besides those regulated by the Law, the manner and the body responsible for making and execution of investment decisions;

b) Way of calculation of transaction fees directly associated with the sale and purchase of Voluntary Pension Fund assets and their deduction from the Voluntary Pension Fund;

c) The deductions from the assets of the Voluntary Pension Fund in order to

pay the fees of the Company;

d) Voluntary Pension Fund's accounting system;

e) The method of providing information to Voluntary Pension Fund Members and Retired Members and the daily national newspaper in which its information prospectus is published;

f) Data on the manner of calculation and payment of pension benefits through scheduled withdrawals, lump sum payments and multiple payments and

g) Other data of importance to the Voluntary Pension Fund.

(2) The by-laws and every change of it shall be approved by the Agency for Supervision of Fully Funded Pension Insurance (further in: the Agency) .

Article 11

The Company managing the Voluntary Pension Fund shall at least once a year cause to be drawn up annual accounts for the Voluntary Pension Fund. The information contained in such accounts shall be prepared according to Article 129 of this Law, shall be consistent and comprehensive and shall give a true position of the Voluntary Pension Funds Assets.

Article 12

(1) Each Company may only establish and govern one Voluntary Pension Fund.

(2) As an exception to paragraph (1), Companies may each govern more than one Voluntary Pension Fund in a manner prescribed by the Agency, with a prior opinion of the Ministry of Labor and Social Policy, may prescribe that. In such instance the Agency shall specify the date for start of management of more than one Voluntary Pension Fund for all Companies, the number of Voluntary Pension Funds which may be managed by one Company, the parameters for investment portfolios, Transfer arrangements between Voluntary Pension Funds managed by the same Company and such other matters which the Agency considers appropriate according to the conditions and the level of development of the voluntary fully funded pension insurance and financial market.

CHAPTER 3 VOLUNTARY COMPANY AND JOINT COMPANY

Article 13

(1) A Voluntary Company and a Joint Company shall be established and shall operate in accordance with the Trade Company Law unless otherwise stipulated in this Law.

(2) The Agency shall prescribe the manner of good corporate governance of the Company.

(3) The Company is obligated to adopt a Good Corporate Governance Code, in accordance with the provision of paragraph (2) of this Article.

Article 14

(1) A Voluntary Company and Joint Company shall be established and shall operate only as joint stock company.

(2) The Voluntary Pension Funds and Companies as per paragraph (1) of this Article are established in order to receive contributions from persons or insurers, to invest those in financial instruments, to allocate accumulated assets in accordance with the Law and to perform payouts of pension benefits through scheduled withdrawals, lump sum payments and multiple payouts.

Article 15

(1) The registered name of every Voluntary Pension Company must contain the words "Voluntary Company".

(2) The registered name of every Joint Company must contain the words "Joint Company".

Article 16

(1) The only object of activity of Voluntary Pension Companies shall be the management of Voluntary Pension Funds, representing them in front of third parties as well as other activities related to the management of a Voluntary Pension Fund.

(2) The only object of activity of Joint Pension Companies shall be the management of Mandatory and Voluntary Pension Funds, representing them in front of third parties as well as other activities related to the management of Mandatory and Voluntary Pension Fund.

Article 17

(1) A Voluntary Company shall charge fees under the terms and in a manner prescribed in this Law.

(2) A Joint Company shall charge fees under the terms and in a manner prescribed in the Law on mandatory Fully Funded Pension Insurance and this Law.

Article 18

(1) The nominal assets of a Company may not be raised or increased by a public offering of shares.

(2) The shares of a Company shall exclusively be registered common shares.

(3) A Company cannot issue preferred shares.

(4) Each shareholder of a Company shall have equal right as Company. The by-law of a Company shall not award any additional rights or privileges to certain shareholders, limit their rights or impose on them additional responsibilities.

(5) No shareholders' agreement or other document shall have effect to the extent it circumvents the requirements in paragraph 4 of this Article.

Article 19

(1) The minimum nominal assets of the company shall be 500,000 Euros in MKD equivalent at the average exchange rate of the National Bank of the Republic of Macedonia on the date of the payment.

(2) Once the assets of the voluntary pension fund managed by the Voluntary Company exceed 50.000.000 Euros and on each subsequent occasion that the assets of the voluntary pension fund increase for a further 50.000.000 Euros, the company is obligated, within 45 working days, to increase the assets of the company at least up to the following amount:

<i>Voluntary pension fund assets</i>	<i>Company assets</i>
From 50,000,001 Euros to 100,000,000 Euros	1,000,000 Euros
From 150,000,001 Euros to 200,000,000 Euros	1,500,000 Euros
From 250,000,001 Euros to 300,000,000 Euros	2,000,000 Euros
From 350,000,001 Euros to 400,000,000 Euros	2,500,000 Euros
From 450,000,001 Euros to 500,000,000 Euros	3,000,000 Euros
From 550,000,001 Euros to 600,000,000 Euros	3,500,000 Euros
From 650,000,001 Euros to 700,000,000 Euros	4,000,000 Euros
From 750,000,001 Euros to 800,000,000 Euros	4,500,000 Euros
Above 800,000,001 Euros	5,000,000 Euros

(3) The Euros shall be in MKD equivalent at the average exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(4) The Voluntary Company is obligated to maintain the amount of assets at any time, but no less than $\frac{1}{2}$ of the amount of nominal assets specified in paragraph (1) of this Article.

(5) If the assets of the Voluntary Company increased according to paragraph (2) of this Article, the company is obligated to maintain the increased amount of that the assets.

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(6) The Voluntary Company is obligated to maintain own assets, at any time, in amount not less than ½ of the amount of nominal assets specified in paragraph (1) of this Article.

(7) If the assets of the Voluntary Company increased according to paragraph (2) of this Article, the company is obligated to maintain the own assets in amount not less than ½ of the amount of assets specified in paragraph (2) of this Article.

(8) The own assets of the Voluntary Company specified in paragraphs (6) and (7) of this Article consist of nominal assets, reserves and other items, calculated according to methodology prescribed by the Agency.

(9) The Voluntary Company is obligated to maintain liquid assets, at any time, as a percentage of the nominal assets of the company specified in paragraph (1) of this Article, respectively the assets specified in paragraph (2) of this Article.

(10) The minimum percentage of liquid assets specified in paragraph (9) of this Article shall be prescribed by the Agency.

Article 20

(1) The minimum nominal assets of the Joint Company shall be 1.800.000 Euros in MKD equivalent at the middle exchange rate of the National Bank of the Republic of Macedonia on the date of the payment.

(2) Once the assets of the voluntary pension fund managed by the Joint Company exceed 100.000.000 Euros and on each subsequent occasion that the assets of the voluntary pension fund increase for a further 100.000.000 Euros, the company is obligated, within 45 working days, to increase the assets of the company at least up to the following amount:

<i>Mandatory pension fund assets</i>	<i>Company assets</i>
From 100.000.001 Euros to 200.000.000 Euros	2.800.000 Euros
From 200.000.001 Euros to 300.000.000 Euros	3.800.000 Euros
From 300.000.001 Euros to 400.000.000 Euros	4.800.000 Euros
From 400.000.001 Euros to 500.000.000 Euros	5.800.000 Euros
From 500.000.001 Euros to 600.000.000 Euros	6.800.000 Euros
From 600.000.001 Euros to 700.000.000 Euros	7.800.000 Euros
From 700.000.001 Euros to 800.000.000 Euros	8.800.000 Euros

From 800.000.001 Euros	to 9.800.000 Euros
900.000.000 Euros	
Above 900.000.001 Euros	10.000.000 Euros

(3) The Euros are in MKD equivalent at the middle exchange rate of the National Bank of the Republic of Macedonia on the payment date.

(4) The Joint Company is obligated to maintain the amount of assets at any time, but no less than $\frac{1}{2}$ of the amount of nominal assets specified in paragraph (1) of this Article.

(5) If the assets of the Joint Company increased according to paragraph (2) of this Article, the company is obligated to maintain the increased amount of that the assets.

(6) The Joint Company is obligated to maintain own assets, at any time, in amount not less than $\frac{1}{2}$ of the amount of nominal assets specified in paragraph (1) of this Article.

(7) If the assets of the Joint Company increased according to paragraph (2) of this Article, the company is obligated to maintain the own assets in amount not less than $\frac{1}{2}$ of the amount of assets specified in paragraph (2) of this Article.

(8) The own assets of the Joint Company specified in paragraphs (6) and (7) of this Article are consist of nominal assets, reserves and other items, calculated according to methodology prescribed by the Agency.

(9) The Joint Company is obligated to maintain liquid assets, at any time, as a percentage of the nominal assets of the company specified in paragraph (1) of this Article, respectively the assets specified in paragraph (2) of this Article.

(10) The minimum percentage of liquid assets specified in paragraph (9) of this Article shall be prescribed by the Agency.

Article 21

(1) The nominal assets of a Company may only be paid up by cash contributions.

(2) The nominal assets of a Company must be paid up in total prior to the registration of that Company in the Central Register of the Republic of Macedonia.

(3) The Central Register of the Republic of Macedonia shall inform the Agency of any changes in the nominal assets of the Company within a period of 3 days after the registration.

(4) The nominal assets shall be paid up in an account opened with a bank or a foreign bank authorized to operate on the territory of the Republic of Macedonia, in accordance with the law.

Article 22

(1) The nominal assets of a Company may neither come from loans or credits nor may it be encumbered in any manner.

(2) The nominal assets of a Company must derive from legal sources and be subject to tax according to relevant tax laws of the Republic of Macedonia or to the relevant laws of the country where any foreign shareholder is established as a legal entity.

Article 23

(1) The Company is obligated to notify the Agency, without delay, of any reduction in its nominal assets, assets, own assets and liquid assets below the amounts specified in Articles 19 and 20 of this Law.

(2) The Agency may abrogate the approval for managing a voluntary pension fund of the Voluntary Company, if after reduction of the nominal assets, assets, own assets and liquid assets under required amount the company do not increase them, in term not longer than 12 months.

(3) The Agency may abrogate the approval for managing a voluntary pension fund and the approval for managing a mandatory pension fund of the Joint Company, if after reduction of the nominal assets, assets, own assets and liquid assets under required amount the company do not increase them, in term not longer than 12 months.

Article 24

(1) A Company may be founded by domestic and foreign legal entities.

(2) Founders that hold 51% of the nominal assets of the Company shall be banks, insurance companies, companies that manage investment funds, foreign companies that manage voluntary pension funds and other financial institutions, as well as other legal entities that directly or indirectly hold more than 50% of the voting shares of that financial institutions. If there is no founder or founders that hold 51% of the nominal assets of the company, all founders shall fulfill this condition.

(3) The same legal entity may not be a shareholder of more than one Voluntary Company.

(4) The same legal entity may not be a shareholder of more than one Joint Company.

(5) A shareholder of a Voluntary Pension Company may be a shareholder of a Mandatory Company.

(6) A shareholder of a Joint Company may not be a shareholder neither of a Mandatory Company neither of a Voluntary Company.

(7) A Mandatory Company registered in the Republic of Macedonia may not be a shareholder of a Voluntary Company registered in the Republic of Macedonia nor in a Joint Company registered in the Republic of Macedonia, and vice versa.

(8) A Sponsor may be a shareholder of a Company, in accordance with the law.

(9) Affiliated entities can together be shareholders only in one Company, except in cases of paragraph (5) of this Article.

(10) If there shall be disruption of relations set forth in this Article by virtue of an organizational or statutory change or a change in the ownership or legal status of legal entities referred to in paragraph (3), (4), (5), (6), (7), (8) and (9) of this Article, the legal entities shall have a period of 180 days, counting from the date the change has occurred, to make the necessary adjustments pursuant to this Law.

Article 25

(1) Founders of a Voluntary Company owning 51% or more of the Company's share nominal assets may be a financial institution satisfying the following criteria:

(a) To have:

1) Own assets of at least 9,000,000 Euros in MKD counter value at the middle exchange rate of the National Bank of the Republic of Macedonia at the date of application for a license in the case of bank;

2) Nominal assets of at least 3,000,000 Euros in MKD counter value at the middle exchange rate of the National Bank of the Republic of Macedonia at the date of application for a license in the case of insurance company;

3) Nominal assets of at least 500,000 Euros in MKD counter value at the middle exchange rate of the National Bank of the Republic of Macedonia at the date of application for a license in the case of company for management of investment funds;

4) Nominal assets of at least 1,000,000 Euros in MKD counter value at the middle exchange rate of the National Bank of the Republic of Macedonia at the date of application for a license in the case of foreign Pension Management Company;

5) Nominal assets of at least 5,000,000 Euros in MKD counter value at the middle exchange rate of the National Bank of the Republic of Macedonia at the date of application for a license in the case of other Financial Institutions;

b) Have been registered and existing for a minimum of three years;

c) Continuous solvent existence in continuity, whether in the Republic of Macedonia or abroad;

d) Permanent management team comprised of competent, expert and experienced persons.

(2) A founder of a Voluntary Company owning 51% or more of the nominal assets may be a legal entity that owns more than 50% of the management shares of a financial institution satisfying the criteria of paragraph (1) of this Article.

(3) A founder of a Voluntary Company owning less than 51% of the nominal assets may be a legal entity satisfying the criteria in item (b), (c) and (d) of paragraph (1) of this Article.

(4) If there is no founder or founders that hold 51% of the nominal assets of the Voluntary Company, all founders shall fulfill conditions prescribed in paragraph (1) of this Article.

Article 26

(1) A founder of a Joint Company shall be a legal entity satisfying the following criteria:

(a) Minimum nominal assets of 20,000,000 Euros in MKD counter value at the middle exchange rate of the National Bank of the Republic of Macedonia at the date of application for a license;

(b) Has been registered and existing for a minimum of three years;

(c) Continuous solvent existence in continuity, whether in the Republic of Macedonia or abroad;

(d) Permanent management team comprised of competent, expert and experienced persons.

(2) If a foreign Financial Institution wants to become a founder, besides the provisions of paragraph (1) of this Article, it must have for at least one year prior to that time a minimum investment grade level rating by reputable international rating agencies.

(3) The Agency shall issue regulations further prescribing the requirements in Articles 24 and 25 of this Law and paragraph (1) and (2) of this Article.

Article 27

(1) Each acquisition or transfer of shares of a Company requires the prior consent of the Agency. Otherwise, it shall be considered null and void.

(2) A Pension Company shall submit to the Agency a request for consent to an acquisition or transfer of shares on behalf of the entity intending to acquire or transfer shares.

(3) The Agency shall give its consent to the acquisition or transfer of shares of the Company within 30 days from the day of submission of the application referred to in paragraph (2) of this Article, if the applicant fulfils the conditions set out in this Law for the founders of a Company.

(4) The requirement referred to in paragraph (1) of this Article does not apply to any transaction of shares where after the transaction, the party purchasing or any affiliate entities to that party would not together hold more than 3% of the nominal assets of the Company.

(5) If only two Joint Pension Companies exist the companies are prohibited to buy shares from each other and are prohibited to merge, join, separate or reorganize in any other way.

Article 28

(1) The Management Board of the company shall be composed of a minimum two members.

(2) The Supervisory Board of the company shall be composed of a minimum four members.

(3) If the number of the members of the Management Board is reduced below the numbers specified in paragraph (1) of this Article, the Supervisory Board is obligated to appoint a member from its own members as acting Management Board member. The member of the Supervisory Board that is appointed as acting member of the Management Board, in the period of appointment shall not participate in the decision making of the Supervisory Board. The acting member of the Management Board shall be registered in the Central Register.

(4) A member of the Management Board or Supervisory Board may be a person who fulfils the requirements of the Company Law and meets the following conditions:

a) has a university degree;

b) has a professional work experience in the fields of law, banking, accounting, insurance, asset management and investment, mandatory and/or voluntary pension fund management or financial services of at least five years and three of each to be experience on the managerial position;

c) has not been imposed a security measure prohibition to carry out a profession, activity or duty in the fields listed in item (b) of this paragraph;

d) has not been convicted for criminal act in the field of finance and banking and evoking the bankruptcy of the legal entity and

e) has a reputation that shall ensure the safety and stabile working of the Company and pension fund.

(5) The Agency shall obtain the information listed in paragraph (4) items c) and d) of this Article from the institutions in Republic of Macedonia and foreigner shall provide the information from foreign country by himself.

(6) In addition to the conditions of paragraph (4) of this Article the member of the Management Board shall meet the following conditions:

a) to have knowledge of the regulation of fully funded pension insurance and

b) to submit a program, according to his competence, for the Company and the pension fund working.

(7) Minimum one of the Management Board members shall have passed the exam for investment counselor or other appropriate exam lectured by a foreign institution.

(8) During the appointment of the Supervisory Board members, the independent members have to be appointed.

(9) The members of the Management Board of the company shall be employed in the company after obtaining the approval by the Agency.

(10) The Agency shall nullify the approval of the Management board and the Supervisory board member if it establishes that:

a) the decision for approval has been made using the unreal and incorrect data;

- b) in after issuing approval period, obtained documented proof that the member does not fulfill the conditions prescribed in this Article;
- c) the member does not work according to the good corporate management rules, the submitted program for work, business policy of the company and the pension fund, or on the other way imperils the interests of the pension fund members and
- d) the members of the Management Board have not been employed in the company.

Article 29

(1) A member of the Management Board, of the Supervisory Board or a holder of a managing position in the Voluntary Company may not be a member of the Management Board, a member of the Supervisory Board or a holder of a managing position in:

- a) Any other Voluntary Company;
- b) Any Mandatory Company;
- c) Any Joint Company;
- d) Any foreign asset manager appointed to manage the assets of the Voluntary Pension Fund;
- e) Any Custodian holding the assets of the Voluntary Pension Fund;
- f) Any affiliate entities and/or persons in relation to the entities listed in sub-paragraphs a), b), c), d) and e) of this paragraph.

(2) As an exception, the prohibition set out in paragraph (1) item b) shall not apply to serving as a member of the Management Board or Supervisory Board or acting as a general manager or a director of a Mandatory Company so long as the Mandatory Pension Company and Voluntary Pension Company are Affiliated Entities.

(3) The prohibition referred to in paragraph (1) also applies to persons who are in a relationship of employment or commission with entities listed in paragraph (1) of this Article.

(4) A person referred to in paragraph (1), (2) and (3) of this Article shall only be required to fulfil the terms of this Article once he/she is a serving member of the Management Board or Supervisory Board of a Voluntary Company. The person shall not be required to meet these criteria at the time an application is made for a Voluntary Company license or an application is made to serve on a Management Board or Supervisory Board.

Article 30

(1) A member of the Management Board, of the Supervisory Board or a holder of a managing position in the Voluntary Company may not be a member of the Management Board, a member of the Supervisory Board or a holder of a managing position in:

- a) Any other Joint Company;

- b) Any Voluntary Company;
- c) Any Mandatory Company;
- d) Any foreign asset manager appointed to manage the assets of the Pension Funds it manages;
- e) Any Custodian holding the assets of the Pension Funds it manages;
- f) Any affiliate entities and/or persons in relation to the entities listed in subparagraphs a), b), c) and d) of this paragraph.

(2) The prohibition referred to in paragraph (1) also applies to persons who are in a relationship of employment or commission with entities listed in paragraph (1) of this Article.

(3) A person referred to in paragraphs (1) and (2) of this Article shall only be required to fulfil the terms of this Article once he/she is a serving member of the Management Board or Supervisory Board of a Joint Company. The person shall not be required to meet these criteria at the time an application is made for a Joint Company licence or an application is made to serve on a Management Board or Supervisory Board.

Article 30-a

(1) A member of the Management Board, of the Supervisory Board or a holder of a managing position in the Company and a Company's body, has a fiduciary duty to operate only in the interest and on behalf of the members and the retired members of the Mandatory and/or Voluntary Pension Fund. This duty shall be discharged by applying the utmost standards of ethics and integrity, without any conflicts of interest and it shall be applied by every employee or person hired by the Company.

(2) A member of the Management Board, of the Supervisory Board or a holder of a managing position in the Company must have adequate managerial and operational competence in order to be able to discharge the duties assigned to him/her and he/she should be informed at all time about matters in his/her scope of work.

Article 30-6

(1) The Company is obligated to establish efficient control mechanisms, which should be documented in its internal acts in order to mitigate all risks that affect the interests of the members and the retired members of the Mandatory and/or Voluntary Pension Fund.

(2) The Company is obligated to implement an internal procedure and to assign persons who shall monitor and provide for the compliance with the laws, secondary regulation and internal acts of the Company.

Article 31

(1) Each Voluntary Pension Company shall be liable to Voluntary Pension Fund Members and Retired Members for damages caused by any failure to perform, or from inadequate performance of its obligations specified in this law

relating to the administration and representation of the relevant Voluntary Pension Fund, unless the non-performance or inadequate performance is due to circumstances which were outside the Voluntary Company's control and which could not have been altered by the Voluntary Company even though exercising the highest degree of diligence.

(2) Each Joint Company shall be liable to Mandatory and Voluntary Pension Fund Members and Retired Members for damages caused by any failure to perform, or from inadequate performance of its obligations specified in this law relating to the administration and representation of the relevant Pension Fund, unless the non-performance or inadequate performance is due to circumstances which were outside the Joint Company's control and which could not have been altered by the Joint Company even though exercising the highest degree of diligence.

(3) The damages, referred to in paragraphs (1) and (2), resulting from the non-performance or improper performance of the tasks, cannot be covered with the Pension Fund assets.

(4) Entrusting a third party with the performance of certain obligations shall not exempt the Company from liability.

Article 32

(1) A Company cannot use its own assets to:

a) Acquire or takeover any shares, securities or participation units in other legal entities, except to acquire commercial notes and bonds issued by the Republic of Macedonia;

b) Grant any loans and provide any guarantees or other sureties except as provided for in this Law;

c) Take any loans or credits or issue bonds with a total value that exceeds a certain percentage of the value of the nominal assets, determined by the Agency; or

d) Buy or sell securities, if such trading would prevent the buying or selling of securities with the assets of the Pension Fund it manages or if such buying or selling of securities with the Pension Fund's assets would be realized under conditions harmful for the Pension Fund.

(2) As an exception to paragraph (1), sub-paragraph a) of this Article, a Voluntary Company may use its own assets to purchase shares in another entity that performs activities of record keeping, long-term securities trading, marketing or other administrative function for the Voluntary Company, but under the condition that such entity exclusively provides services to that Voluntary Company or for a Mandatory Company that is affiliated person to the Company.

(3) As an exception to paragraph (1), sub-paragraph a) of this Article, a Joint Company may use its own assets to purchase shares in another entity that performs activities of record keeping, long-term securities trading, marketing or other administrative function for the Joint Company, but under the condition that such entity exclusively provides services to that Joint Company.

(189347.11)

(4) The company cannot hold more than 10% of the nominal assets of the subjects listed in paragraphs (2) and (3) of this Article.

Article 33

(1) The Company is obligated to keep a complete, accurate and updated records of the individual account and/or occupational account of each Member and of each retired Member of the Voluntary Pension Fund, for the paid in contributions, or the paid out assets and transferred assets, the number of accounting units on the accounts and the value of assets on the accounts, and other data prescribed by the Law.

(2) A Company shall keep in archive form, in accordance with the Law, all documents and other records relating to the Pension Fund under its management particularly including:

(a) Details of Members, Retired Members and former Members and former Retired Members including full name and address, personal identification number and, if applicable, the amount standing to their account on leaving the Pension Fund; and

(b) Details of all assets bought and sold for the Pension Fund under its management including the date of the transaction, the identity of the other contractual party and the amount paid.

(3) The Company is obligated to keep on an external medium all the records of all data on the individual accounts and occupational accounts, based on the information as of the last working day of each calendar year

(4) All documents and other records must be kept for a period of fifty years.

(5) After a period of ten years has elapsed from the creation of a document or record it may be kept in electronic form only.

(6) Company is obligated to provide protections of personal data of the Pension Fund Members and Retired Members in accordance with the Law on personal data protection

(7) If the Company ceases to manage a Pension Fund, it must act according to the provisions of paragraphs (2) and (3) of this Article.

(8) The Agency shall prescribe the content and manner of record keeping and archiving mentioned in paragraphs (1) and (2) of this article.

Article 34

(1) The company shall have the separate organizational unit for internal audit that shall be responsible to the Supervisory Board of the company.

(2) The organizational unit specified in paragraph (1) of this Article performs permanent and total control of the legality and diligence of the company operations, especially the management of the mandatory and/or voluntary pension fund assets through, but not limited to:

a) assessment of the adequacy and effectiveness of the internal control systems;

b) assessment of the IT system;

- c) assessment of correctness and truthfulness of the financial statements of the company and the mandatory and/or voluntary pension fund;
- d) checking of correctness, truthfulness and timeliness in the reporting according to the laws and secondary regulation of the appropriate area;
- e) following the compliance with the regulations, policies and procedures of the working area of the company including the risk management politics and ethical codex of the company;
- f) assessment of the money laundering and financing terrorism prevention systems;
- g) assessment of the services that company receives by the external cooperators and
- h) evaluation of the general effectiveness of the company operations
- i) assessment of the risk management process and
- j) assessment of the process of payouts of pension benefits as scheduled withdrawals, lump sums or multiple payments.

(3) The organizational unit specified in paragraph (1) of this Article shall prepare an annual working plan for the next year, obligatory stating the subject of audit with description of the planed audit contained in separated areas and the time schedule of the controls during the year with the planed time duration of the controls. The Supervisory Board of the company shall approve the annual working plan and shall submit it to the Agency within 15 days from the day of its approval.

(4) The organizational unit specified in paragraph (1) of this Article shall prepare its working report for the previous year and shall submit it to the Supervisory Board of the company for adoption and in the same time to the Agency, not later than 31st of March.

(5) The Supervisory Board of the company shall submit the adopted report, specified in paragraph (4) of this Article, to the Company Shareholder Assembly and in the same time to the Agency.

(6) The person employed in the organizational unit specified in paragraph (1) of this Article shall perform the duties only for the internal audit.”

Article 34-a

(1) The Company is obligated to appoint an authorized actuary, who shall report to the Management Board of the Company.

(2) Should the authorized actuary discontinue performing actuarial tasks within the Company, the Company is obligated to inform the Agency within 5 days.

(3) The Company is obligated to appoint a new authorized actuary within 30 days from the day when the previously appointed actuary has discontinued his actuarial duties within the Company

(4) The Company may not appoint as authorized actuary a person who is affiliated person as per this Law.

(5) The authorized actuary is obligated to give guidelines for the calculations of the scheduled withdrawals and to check whether the calculations and the used mortality tables and the interest rates have been calculated in accordance with the laws and the secondary regulations prescribed by the Agency.

(6) The authorized actuary is obligated to check the liquidity of the Mandatory Pension Fund and/or Voluntary Pension Fund.

(7) Each quarter, the authorized actuary, prepares a written statement, with his/her opinion on the undertaken activities as per the paragraphs (5) and (6) of this Article, and the contents and form of such statement shall be prescribed by the Agency.

(8) The statement with the opinion of the authorized actuary, as per paragraph (7) of this Article is submitted to the Management Board of the Company.

(9) The authorized actuary prepares a report for his/her operations in the previous year and submits it for adoption to the Supervisory Board of the Company.

(10) In case the authorized actuary determines that the calculations for the scheduled withdrawals are not in accordance with the Law and the secondary regulations prescribed by the Agency, he/she is obligated to report such miscalculation to the Management Board of the Company. In case the Management Board does not take into consideration such report, the actuary shall notify the Agency, immediately.

Article 34-b

(1)The Company is obligated to set up risk management activities for the Mandatory and/or Voluntary Pension Fund.

(2) The Company is obligated to appoint a responsible person for risk management who should be adequately qualified to discharge risk management activities and who is free of conflicts of interest.

(3) The person from paragraph (2) of this Article should have access to the Company's data. The person is obligated to provide impartial analysis of the risks and to advise adequately the Management Board in the decision making process, taking into consideration all relevant risks.

(4)The person from paragraph (2) of this Article submits a report to the Management Board of the Company.

(5) The Company is obligated to submit the report from paragraph (4) of this Article to the Agency, at least once a year, or immediately in case there is a serious threat for the interests of the members and retired members.

Article 35

(1) The Company shall appoint an external authorized auditor, who cannot be an Affiliated Entity of the Company or its shareholders, foreign assets manager or the Custodian and to whom no measures have been imposed by the Authorized Auditors Institute. The same external authorized auditor can perform at most three successive annual audits for the same Company.

(2) Company is obligated to publish excerpt from the revised financial report with

the opinion of the authorized auditor, in one daily newspaper, at least, and on its web page, not later than 15 days from the adoption of the report by the shareholder assembly of the Company.

Article 35-a

The Company is obligated to issue, maintain record, archive, submit, and publish correct and updated notifications, data and information.

Article 36

(1) The representatives of the Companies have obligation to participate in the training in the area of Fully Funded Pension Insurance, organized by the Agency.

(2) The Agency shall prescribe the types of the training and manner of its implementation.

CHAPTER 4

ESTABLISHMENT OF VOLUNTARY COMPANY

Article 37

(1) A Voluntary Company shall be established by obtaining a license from the Agency and, once established, it shall obtain an approval of the Agency for managing a Voluntary Pension Fund.

(2) The Central Register of the Republic of Macedonia shall not register a Voluntary Company unless it has been granted a license by the Agency according to terms and conditions regulated by this Law.

(3) The Agency shall closely prescribe the manner for obtaining the license for incorporation and approval to manage a pension fund.

Article 38

(1) In order to get a license to establish a Voluntary Company, applicants should submit to the Agency a request together with the documentation listed in Article 39 and a business plan that will contain details for all fees and commissions that will be charged according to this Law. The request for an approval to manage a Voluntary Pension Fund and the request for registration of a voluntary pension fund in the Register of mandatory and voluntary pensions funds shall be submitted at the same time as the request for a license to establish a Voluntary Company.

(2) Requests from paragraph (1) of this article must be submitted signed by authorized signatories of each applicant or applicants who would become founders, in a form prescribed by the Agency. In case of several persons who have interest to apply as one applicant, the request and documentation should be submitted mutually on behalf of all persons.

Article 39

(1) Request from paragraph (1) of Article 38 should be submitted along with following documentation:

- a) The draft by-laws of the Voluntary Company;
- b) The draft by-law of the Voluntary Pension Fund it would manage;
- c) A draft contract with the Custodian;
- d) A statement signed by authorized signatories of each applicant that, if awarded a license, they will establish a Voluntary Company and a Voluntary Pension Fund in accordance with this Law.
- e) A list of founders along with data about the relationships of legal entities and description of the nature of such relationships;
- f) For each of the entities that would be founders, certified copies of the bylaws or other corporate acts of the companies and an excerpt from the authorised entity where they are registered, the names and addresses of the management board members and certified copies of the last three financial statements reviewed by an external authorized auditor as well as any additional evidence necessary to show that the requirements of Article 25 of this Law are satisfied;
- g) Documents confirming that on the date of applying for license, founders who would own at least 51% of the nominal assets of the Voluntary Company have strong experience in asset management;
- h) Documents confirming the origin of financial resources that shall be paid up as the Voluntary Company's nominal assets;
- i) A list of candidates for members of the Management Board and Supervisory Board of the Voluntary Company along with statements that they agree to perform these functions if the license is granted and fulfil every requirement set out in this Law, including resignation from any position that represents a conflict of interest and is prohibited by this Law, as well as a description of their expert qualifications and their prior Occupational experience with recommendations;
- j) data on the persons that shall occupy the managing positions and other persons proposed to hold the positions as responsible for investment decisions, calculation of scheduled withdrawals, risk management, internal audit, individual accounts, marketing and sales agents control;
- k) Revoked by a decision of the Constitutional Court of the Republic of Macedonia no. 117/2008 , published in the " Official Gazette " br.162 / 2008 ;
- l) A program for implementation and establishment of the Voluntary Company and Voluntary Pension Fund as well as an organizational program outlining the structure of the Voluntary Company;
- m) a informational prospectus of the voluntary pension fund and a investment strategy program of a voluntary pension fund and the money laundering and financing terrorism prevention program;

n) signed statements, from the authorized signatories of all potential founders, that after being granted the approval to manage a Voluntary Pension Fund, the Company shall enter in the Center for electronic system of quotations (herein after: the Center), according to the Law on Payment of Pensions and Pension Benefits from the Fully Funded Pension Insurance and

o) Other documents as prescribed by the Agency.

(2) After receiving the requests from Article 38 paragraph (1) of this Law, the Agency may require the applicants to submit additional documents and data.

(3) The Agency may, if it considers necessary, investigate any matters relating to the application with the documentation. In doing so the Agency may:

a) to ask for information from Office for Prevention of Money Laundering and Terrorist Financing for participation of the founders in the cases of money laundering or financing terrorism

b) Seek the assistance of competent regulatory or supervisory authorities in the Republic of Macedonia or abroad;

c) Collect documents and data from other sources.

Article 40

To the interested parties, the Agency issues the license for establishment and a conditional approval for managing a Voluntary pension fund, based on the documents and data as per Article 39 of this Law, unless this is contrary to the interests of the potential members or retired members in such future Voluntary pension fund, which will be established according to this Law and after meeting the following conditions:

(a) The documentation and data received demonstrate that the proposed Company would comply with the paid up capital requirements, as specified by this Law if the license were to be granted;

(b) The documents and data available demonstrate that the applicants satisfy the requirements for founders as set out at Articles 24 and 25 of this Law;

(c) The documents and data available demonstrate that the proposed members of the Management Board and the Supervisory Board and those proposed to be responsible for investment management fulfil the requirements of this Law;

(d) the suggested title of the future voluntary Company and the future voluntary pension fund shall not mislead the members and the retired members of the fund, the future members and retired members or any other person that might be in contact with the company and the pension fund and

(e) That the Voluntary Company or Voluntary Pension Fund operation will be performed in accordance with Pension Fund management standards and prudent business customs.

Article 41

- (1) The Agency shall make its decision for the request from Article 38 paragraph (1) of this Law no later than 60 days from receiving the requests.
- (2) Agency shall give a license to establish a Voluntary Company and a conditional approval to manage a Voluntary Pension Fund to the applicants whose requests are accepted.
- (3) Applicants that are granted a license for establishing and conditional approval for managing a Voluntary Pension Fund shall establish a Voluntary Company in accordance with the submitted documentation, Trade Company Law and this Law. The Voluntary Company must be established within 90 days after receiving the license and the Agency may extend the term for a further maximum period of 90 days, in justified circumstances.
- (4) In case applicants that are granted a license do not establish a Voluntary Company within the term defined in paragraph (3) of this Article, the Agency shall take away the license after the expiration of the period.

Article 42

- (1) The Agency shall submit an explanatory written decision for the refusal to the applicants. The decisions for refusal as per this Article shall be made available to the public.
- (2) A dissatisfied applicant from paragraph (1) of this Article may submit a claim for entering into an administrative dispute in front of the authorised court. Such claim shall not postpone the execution of the decision.

Article 43

- (1) The Voluntary Company shall notify the Agency about the establishment and registration in the Central Register of the Republic of Macedonia within 30 days after the registration is complete. The Voluntary Company is required to submit certified copy of the bylaw of the Voluntary Company, latest versions of the documents referred to in Article 39 paragraph (1) sub-paragraphs (b) and (c) of this Law and other documents related to the Voluntary Pension Fund operation prescribed by the Agency.
- (2) After the fulfilment of the requirements listed in Article 41 paragraph (3) of this Law and paragraph (1) of this Article, the conditional approval for managing a Voluntary Pension Fund shall become valid.
- (3) After the validity of the approval for management a voluntary pension fund, the Agency shall register the voluntary pension fund in the Register of mandatory and voluntary pension funds and assigns an identification number.
- (4) The registration of the voluntary pension fund in the Register for mandatory and voluntary pension funds has a legal effect toward third person the following day from the day of the registration in the Register of voluntary and voluntary pension funds.

(5) The Company is obligated within 90 days after the approval for managing a Voluntary pension fund has become effective, as per paragraph (2) of this Article, to enter the Center, as per the Law on Payment of Pensions and Pension Benefits from the Fully Funded Pension Insurance.

(6) A Voluntary Company may not commence the activities of managing a Pension Fund, as well as marketing and public opinion research activities before its registration in the Central Register of the Republic of Macedonia and not before than a date specified by the Agency.

Article 44

(1) Any change of the shareholders, Management Board members or Supervisory Board members, responsible persons or changes and additions to the documents listed in Article 39 of this Law, shall be subject to consent by the Agency, unless those changes are out of the control by the Company and Company had undertaken all necessary measures to prevent those changes. The Company shall notify the Agency on the changes out of its control.

(2) The Agency shall assess the changes from paragraph (1) pursuant to the provisions for satisfying the requirement pursuant to Article 40 of this Law.

(3) The Agency shall prescribe the manner and the procedure of gave the approval stipulated in paragraph (1) of this Law.

Article 45

(1) The Agency may withdraw or cancel the approval for managing a voluntary pension fund for the same reasons for which the Agency refuses a request due to not submitting of documents as per Article 39 of this Law, not meeting the requirements as per the Articles 40 and 43 paragraph (5) of this Law, misuse of data of temporarily allocated insured persons, members or retired members, upon request from the Company, flagrant breach of the provisions of this Law and the Law on Prevention of Money Laundering and Other Proceeds of Crime and Financing of Terrorism, and other reasons stipulated with this Law..

(2) Before withdrawing or abrogating an approval for managing a Voluntary Pension Fund the Agency shall offer the Voluntary Company an opportunity to eliminate any illegal operations in a term specified by the Agency unless it considers that such opportunity would be contrary to the interests of the Voluntary Pension Fund Members and Retired Members or contrary to the public interest.

(3) The Agency shall forthwith notify the Voluntary Pension Company of the withdrawal or abrogation of the approval for managing a Voluntary Pension Fund.

(4) Against the decision from paragraph (1) of this Article, the Voluntary Company has the right to submit a claim to enter into an administrative dispute in front of the authorized court. Such claim shall not postpone the execution of the decision.

(5) The Agency shall prescribe in detail the manner of withdrawing or abrogating an approval to manage a Voluntary Pension Fund pursuant to paragraph (1) of this Article.

(6) After the abrogation of the approval for management of a voluntary pension

fund, to a company that manages that fund, provisions for company liquidation listed in Company Law or the provisions of the Bankruptcy Law shall apply.

Article 46

(1) In the event of withdrawal of an approval to manage a Voluntary Pension Fund pursuant to Article 45, the Voluntary Company shall continue to work under control of the Agency, in a manner prescribed by the Agency.

(2) In the event of abrogation of an approval to manage a Voluntary Pension Fund according to Article 45, in order to protect the interest of Pension Funds Members and Retired Members the Agency takes over management and governing with that pension fund, until finalization of the decision for abrogation, in a manner prescribed by the Agency.

(3) When the decision for abrogation is final, the Agency shall allocate the Members and Retired Members to the existing Voluntary Pension funds. In case there is no Voluntary Pension Fund existing, the Agency shall manage with the Pension Fund that was managed by the Company whose approval to manage a Voluntary Pension Fund has been abrogated, until the establishment or change of the registration of the Company.

(4) While conducting the allocation to Voluntary Pension Funds from paragraph (3) of this Article, the Agency shall provide the number of Members and Retired Members allocated to each Pension Fund to be determined according to the Pension Fund return and fees from the Article 117 paragraph (1) item a) of this Law charged by the Company managing that Pension Fund, at the date prescribed by the Agency.

Article 47

A Voluntary Company may merge only with another Voluntary Company.

Article 48

(1) By merger of two Companies pursuant to Article 47 of this Article new Company shall be established.

(2) The new Company shall be established on the basis of license given by the Agency, and after establishment is shall be given by the Agency an approval to manage a Voluntary Pension Fund.

(3) In order to get a license to establish the new Voluntary Pension Company, Voluntary Pension Companies should jointly submit to the Agency a request together with the documentation listed in paragraph (5) of this Article and a business plan that will contain details for all fees and commissions that will be charged according to this Law. The request for an approval to manage a Voluntary Pension Fund and the request for registration of a voluntary pension fund in the Register of mandatory and voluntary pensions funds shall be submitted at the same time as the request for a license to

establish a Voluntary Company.

(4) Request from paragraph (3) of this article must be submitted signed by authorized signatories of the existing Voluntary Company who would become founders of the new Voluntary Company, in a form prescribed by the Agency.

(5) Together with the requests from paragraph (3) of this Article, Voluntary Pension Companies shall submit the following documents:

(a) Resolutions of the responsible bodies of each of the Companies on the merger;

(b) A contract for the merger of the Companies;

(c) An organizational and financial plan for implementation of the new Company;

(d) Name of the new Company and of the new Voluntary Pension Fund

(e) Information on whether shareholders are Affiliated Entities;

(f) Documents presenting the financial standing of the shareholders of each Company, for the period since their existence but no more than five years immediately preceding the date of filing the application, including documents confirming that each shareholder is not in arrears of taxes and of social contributions;

(g) A revised information prospectus for the new Voluntary Pension Fund;

(h) Draft By-laws of the new Voluntary Pension Fund setting out, in particular, the revised fees;

(i) A draft contract with the custodian for the merged Voluntary Pension Fund and details of how any existing arrangements will be terminated;

(j) Names of the proposed Members of the Management Board and Supervisory Boards and in the event that such people do not serve in the merging Voluntary Pension Companies, the information specified in Article 39 paragraph (1) item (i);

(k) data on the persons that shall occupy the managing positions and other persons proposed to hold the positions as responsible for investment decisions, calculation of scheduled withdrawals risk management, internal audit, individual accounts, marketing and sales agents control;

(l) A program of the investment strategy for the new Voluntary Pension Fund;

m) signed statements, from the authorized signatories of the merging pension companies that after being granted the approval to manage a Voluntary Pension Fund, the Company shall enter in the Center for electronic system of quotations, according to the Law on Payment of Pensions and Pension Benefits from the Fully Funded Pension Insurance and

(n) Such other data as prescribed by the Agency.

(6) The Agency shall grant a license for establishment of a new Voluntary Company and approval to manage a Voluntary Pension Fund on the basis of

documents from paragraph (5) of the Article and after satisfying requirements of this Law.

(7) After the validity of the approval for management the voluntary pension fund, the Agency shall register the mandatory pension fund in the Register of mandatory and voluntary pension funds and assigns an identification number.

(8) The registration of the voluntary pension fund in the Register for mandatory and voluntary pension funds has a legal effect toward third person the following day from the day of the registration in the Register of mandatory and voluntary pension funds.”

(9) The Merged Voluntary Company shall act as a legal successor of the two Voluntary Pension Companies that formed it.

(10) The Agency shall prescribe in details the manner of the merger of Voluntary Pension Companies pursuant to Article 47 of this Law and pension funds pursuant to paragraph (1) of Article 50 of this Law.

Article 49

The Agency shall refuse to give approval to a merger of Voluntary Pension Companies, where:

(a) the application and the appended documents do not fulfil the requirements set forth in this Law;

(b) documents appended to the application or other information indicate that either of the merging Companies within five years immediately preceding the date of filing the application was in arrears of taxes or in arrears of social contributions;

(c) the shares of either Company originate from a loan, credit or are in any way encumbered;

(d) business activity of the applicants hitherto does not guarantee that the new Company and the new Voluntary Pension Fund shall be managed to the best interest of the Voluntary Pension Fund Members and Retired Members;

(e) the approval violates the interests of the Voluntary Pension Fund Members and Retired Members or any other public interest.

Article 50

(1) The Voluntary Pension Funds shall merge at the same time as the Voluntary Pension Companies and create one Voluntary Pension Fund.

(2) Following the merger of the Voluntary Pension Funds according to paragraph (1) of this Article, the New Voluntary Pension Fund shall undertake the rights and responsibilities of the two Voluntary Pension Funds that formed it.

Article 51

Before the merger pursuant to Article 47 of this law, the Companies shall notify

in writing all Members, Retired Members and Sponsors on the merger. After the merger the new Voluntary Company shall notify in writing all Members and Sponsors of the name of the new Voluntary Company, new Voluntary Pension Fund and provide a copy of its information prospectus, by-laws of the new Company and by-laws of the new Pension Fund.

Article 52

(1) A Voluntary Company may make acquisition of another Voluntary Company only.

(2) By acquisition of a one to another Company pursuant to paragraph (1) of this Article, the Voluntary Pension Fund managed by the Company that makes acquisition shall make acquisition of the Voluntary Pension Fund managed by the other Company.

(3) Before the acquisition of the voluntary pension funds, the Company that makes the acquisition shall notify in writing all Members, Retired Members and Sponsors.

(4) Upon the merger of one voluntary pension fund with another, the members and the retired members, the voluntary individual accounts and the occupational accounts of the merging pension fund shall be transferred to the pension fund to which the first one is being merged into.

(5) The Agency shall closely regulate the manner of acquisition of Voluntary Pension Companies and Voluntary Pension Funds pursuant to this Article.

CHAPTER 5

ESTABLISHMENT OF JOINT COMPANY

Article 53

(1) A Joint Pension Company shall be established by obtaining a license from the Agency and, once established, it shall obtain an approval of the Agency for managing a Mandatory Pension Fund and an approval for managing a Voluntary Pension Fund.

(2) The Central Register of the Republic of Macedonia shall not register a Joint Company unless it has been granted a license by the Agency according to terms and conditions regulated by this Law.

(3) The Agency shall closely prescribe the manner for obtaining the license for incorporation and approvals to manage pension funds.

Article 54

(1) In order to get a license to establish a Joint Company, applicants should submit to the Agency a request together with the documentation listed in Article 55 of this Law and a business plan that will contain details for all fees and

commissions that will be charged according to this Law. The requests for approvals to manage a Mandatory Pension Fund and the requests for registration of a mandatory and a voluntary pension fund in the Register of mandatory and voluntary pensions funds and a Voluntary Pension Fund shall be submitted at the same time as the request for a licence to establish a Joint Company.

(2) Requests from paragraph (1) of this article must be submitted signed by authorized signatories of each applicant or applicants who would become founders, in a form prescribed by the Agency. In case of several persons who have interest to apply as one applicant, the request and documentation should be submitted mutually on behalf of all persons.

Article 55

Request from paragraph (1) of Article 54 should be submitted along with following documentation:

- (a) The draft by-laws of the Joint Company;
- (b) The draft by-laws of the Pension Funds it would manage;
- (c) A draft contract with the Custodian;
- (d) A statement signed by authorized signatories of each applicant that, if awarded a licence, they will establish a Joint Company and Pension Funds in accordance with this Law.
- (e) A list of founders along with data about the relationships of legal entities and description of the nature of such relationships;
- (f) For each entities that would be founders, certified copies of the bylaws or other corporate acts and a document by the institution where they are registered, names and addresses of the Management Board members and certified copies of the last three financial statements reviewed by an external authorized auditor, as well as any additional evidence necessary to show that the requirements of Article 26 of this Law are satisfied;
- (g) documents confirming that on the application date, founders that shall hold 51% of the nominal assets of the company have great experience in asset management;
- (h) Documents confirming the origin of financial resources that shall be paid up as the Joint Company's nominal assets;
- (i) A list of candidates for members of the Management Board and Supervisory Board of the Joint Company along with statements that they agree to perform these functions if the licence is granted and fulfil every requirement set out in this Law, including resignation from any position that represents a conflict of interest and is prohibited by this Law, as well as a description of their expert qualifications and their prior Occupational experience with recommendations;
- j) data on the persons that shall occupy the managing positions and other persons proposed to hold the positions as responsible for investment decisions, calculation of scheduled withdrawals risk management, internal audit, individual accounts, marketing and sales agents control;

(189347.11)

(k) Revoked by a decision of the Constitutional Court of the Republic of Macedonia no. 117/2008 , published in the " Official Gazette " br.162 / 2008 ;

(l) A program for implementation and establishment of the Joint Company and Pension Funds as well as an organizational program outlining the structure of the Joint Company;

(m) a informational prospectus of the pension funds and pension funds investment strategy programs and a money laundering and financing terrorism prevention program;

n) signed statements, from the authorized signatories of persons that have been founders that after being granted the approval to manage a Voluntary Pension Fund and a Mandatory Pension Fund, the Joint Company shall enter in the Center for electronic system of quotations, according to the Law on Payment of Pensions and Pension Benefits from the Fully Funded Pension Insurance and

(n) Other documents as prescribed by the Agency.

(2) After receiving requests from Article 54 paragraph (1) of this Law, the Agency may require the applicants to submit additional documents and data.

(3) The Agency may, if it considers necessary, investigate any matters relating to the application with the documentation. In doing so the Agency may:

a) to ask for information from Office for Prevention of Money Laundering and Terrorist Financing for participation of the founders in the cases of money laundering or financing terrorism

b) Seek the assistance of competent regulatory or supervisory authorities in the Republic of Macedonia or abroad

(c) Collect documents and data from other sources.

Article 56

To the interested parties, the Agency issues the license for establishment of a company for managing mandatory and Voluntary pension funds and a conditional approval for managing pension funds, based on the documents and data as per Article 55 of this Law, unless this is contrary to the interests of the potential members or retired members in such future pension funds, which will be established according to this Law and after meeting the following conditions:

(a) The documentation and data received demonstrate that the proposed Company would comply with the paid up capital requirements, as specified by this Law if the licence were to be granted;

(b) The documents and data available demonstrate that the applicants satisfy the requirements for founders as set out at Articles 24 and 26 of this Law;

(c) The documents and data available demonstrate that the proposed members of the Management Board and the Supervisory Board and those proposed to be responsible for investment management fulfil the requirements of this Law;

(d) the suggested title of the future company and the future pension funds shall not mislead the members and the retired members of the fund, the future members and retired members or any other person that might be in contact with

the company and the pension funds and

(f) That the Joint Pension Company operations and operations of Pension Funds it manages will be performed in accordance with Pension Fund management standards and prudent business customs.

Article 57

(1) The Agency shall make its decision for the request from Article 54 paragraph (1) of this Law no later than 60 days from receiving the requests.

(2) Agency shall give a licence to manage a Joint Company and a conditional approval to manage a Voluntary Pension Fund to the applicants whose requests are accepted.

(3) Applicants that are granted a licence for establishing and conditional approval for managing a Voluntary Pension Fund shall establish a Voluntary Company in accordance with the submitted documentation, Trade Company Law and this Law. The Voluntary Company must be established within 90 days after receiving the licence and the Agency may extend the term for a further maximum period of 90 days, in justified circumstances.

(4) In case applicants that are granted a licence do not establish a Voluntary Company within the term defined in paragraph (3) of this Article, the Agency shall take away the licence after the expiration of the period.

Article 58

(1) The Agency shall submit an explanatory written decision for the refusal to the applicants. The decisions for refusal as per this Article shall be made available to the public.

(2) A dissatisfied applicant from paragraph (1) of this Article may submit a claim for entering into an administrative dispute in front of the authorised court. Such claim shall not postpone the execution of the decision.

Article 59

(1) The Joint Company shall notify the Agency about the establishment and registration in the Central Register of the Republic of Macedonia within 30 days after the registration is complete. The Joint Company is required to submit certified copy of the bylaw of the Joint Pension Company, latest versions of the documents referred to in Article 55 paragraph (1) sub-paragraphs (b) and (c) of this Law and other documents related to the Pension Funds operation prescribed by the Agency.

(2) After the fulfilment of the requirements listed in Article 57 paragraph (3) of this Law and paragraph (1) of this Article, the conditional approval for managing a Mandatory Pension Fund and the conditional approval for managing a Voluntary Pension Fund shall become valid.

(3) After the validity of the approval for management of a mandatory and a voluntary pension fund, the Agency shall register the mandatory and voluntary pension fund in the Register of mandatory and voluntary pension funds and

(189347.11)

assigns an identification number.

(4) The registration of the mandatory and voluntary pension fund in the Register for mandatory and voluntary pension funds has a legal effect toward third person the following day from the day of the registration in the Register of voluntary and voluntary pension funds.

(5) The Company is obligated within 90 days after the approval for managing a mandatory pension fund and the approval for managing a Voluntary pension fund have become effective, as per paragraph (2) of this Article, to enter the Center, as per the Law on Payment of Pensions and Pension Benefits from the Fully Funded Pension Insurance.

(6) The Joint Pension Company may not commence the activities of managing a Pension Fund, as well as marketing and public opinion research activities before receiving the licence to establish and the approvals to manage Pension Funds, not before its registration in the Central Register of the Republic of Macedonia and not before than a date specified by the Agency

Article 60

(1) Any change of the shareholders, Management Board members or Supervisory Board members, responsible persons or changes and additions to the documents listed in Article 55 of this Law, shall be subject to consent by the Agency, unless those changes are out of the control by the Company and Company had undertaken all necessary measures to prevent those changes. The Company shall notify the Agency on the changes out of its control.

(2) The Agency shall assess changes referred to in paragraph (1) of this Article pursuant to the provisions of Article 56 of this Law.

(3) The Agency shall prescribe the manner and the procedure for granting the approval listed in paragraph (1) of this Law.

Article 61

(1) A Mandatory Pension Company established by the Law on Mandatory Fully Funded Pension Insurance may also manage a Voluntary Pension Fund after receiving a license to perform business activity – managing Voluntary Pension Funds by the Agency for Supervision of Fully Funded Pension Insurance and after the change in the Central Register of the Republic of Macedonia, it shall be given by the Agency an approval to manage a Voluntary Pension Fund.

(2) In order to obtain the permission stipulated in paragraph (1) of this Article and a conditional approval for management of voluntary pension fund, as well as for registration of the voluntary fund in the Registry of mandatory and voluntary pension funds, the Mandatory Company shall submit to the Agency:

a) applications with a documentation stipulated in Articles 38 and 39 paragraph (1) items a), b), c), h), j), l), m) and n) of this Law;

b) signed statement by authorized signatories of the company that in case it obtains a license will make a change in the Central Registry of the Republic of Macedonia and will found a voluntary pension fund according to this Law and

c) a business plan which contains details about all fees and commissions which will be charged according to this Law.

(3) Applications from paragraph (2) of this article must be submit signed by all authorized signatories of the Mandatory Company, in a form prescribed by the Agency.

(4) After receiving requests from paragraph (2) of this article, the Agency may require the applicants to submit additional documents and data.

(5) The Agency may, if it considers necessary, investigate any matters relating to the application with the documentation. In doing so the Agency may:

a) to ask for information from Office for Prevention of Money Laundering and Terrorist Financing for participation of the company for management of mandatory pension funds and the founders in cases of money laundering or financing terrorism

b) Seek the assistance of competent regulatory or supervisory authorities in the Republic of Macedonia or abroad;

c) Collect documents and data from other sources.

Article 62

The Agency issues the license for performing an activity – management of voluntary pension funds and a conditional approval for managing a voluntary pension fund, based on the documents and data as per Article 61 paragraphs (2), (4) and (5) of this Law, unless this is contrary to the interests of the potential members or retired members in such voluntary pension fund, which will be established according to this Law and after meeting the following conditions:

(a) That it appears from the documentation and data received that the Joint Company would comply with the paid nominal assets prescribed by this Law if the license for managing a business activity – managing Voluntary Pension Fund were to be granted;

(b) That it appears from the documents and data available that the applicant would have appropriate financial resources for that purpose;

(c) That it appears from the documents and data available that the applicant satisfies the requirements for founders as set out at Articles 24 and 26 of this Law;

(d) That it appears from the documents and data available that the proposed members of the Management Board and the Supervisory Board and those proposed to be responsible for investment management fulfil the requirements of this Law;

(e) The documents submitted in accordance with Article 61 paragraphs (2) and (4) of this Law contain provisions that will not threaten interests of the Members and Retired Members of the Pension Funds or in those documents provisions have not been omitted by which those interests are sufficiently protected;

(f) The applicant proved that he has provided or will provide on-time contracts for

financial accounting and auditing of the Joint Pension Company in accordance with this Law;

(g) the suggested title of the future joint Company and the Voluntary pension fund shall not mislead the members and the retired members of the fund, the future members and retired members or any other person that might be in contact with the company and the pension funds;

(h) That the Joint Pension Company or Pension Funds operation will be performed in accordance with Pension Fund management standards and prudent business customs; and

(i) That it appears from the documents and data that the Joint Company will not perform any activities other than that which is authorized by this Law and Law on mandatory fully funded pension insurance and directly related to managing a Pension Fund.

Article 63

(1) The Agency shall make its decision for the request from Article 61 paragraph (2) of this Law no later than 60 days from receiving the request.

(2) Agency shall give a license for performing a business activity – managing Voluntary Pension Funds and a conditional approval to manage a Voluntary Pension Fund to the applicant whose request is accepted.

(3) Mandatory Company that is granted a license for performing a business activity – managing Voluntary Pension Funds is obligated to make this change in accordance with the submitted documentation, Trade Company Law and this Law. The change of registration must be done with the Central Registry of the Republic of Macedonia within 90 days after receiving the license for performing a business activity – managing Voluntary Pension Funds and the Agency may extend the term for a further maximum period of 90 days, in justified circumstances.

(4) In case Mandatory Company that is granted a license for performing a business activity – managing Voluntary Pension Funds does not make the change within the term defined in paragraph (3) of this Article, the Agency shall take away the license after the expiration of the period.

Article 64

(1) The Agency shall submit an explanatory written decision for the refusal of the license for performing a business activity – managing Voluntary Pension Funds to the Mandatory Company. The decision for refusal as per this Article shall be made available to the public.

(2) A dissatisfied Mandatory Company from paragraph (1) of this Article may submit a claim for entering into an administrative dispute in front of the authorized court. Such claim shall not postpone the execution of the decision.

Article 65

(1) The Joint Company shall notify the Agency about the change in the Central

(189347.11)

Register of the Republic of Macedonia within 30 days after the change is complete. The Joint Pension Company is required to submit certified copy of the bylaw of the Joint Company, latest versions of the documents referred to in Article 39 paragraph (1) sub-paragraphs (b) and (c) of this Law and other documents related to the Pension Funds operation prescribed by the Agency.

(2) After the fulfilment of the requirements listed in Article 63 paragraph (3) of this Law and paragraph (1) of this Article, the conditional approval for managing a Voluntary Pension Fund shall become valid.

(3) After the validity of the approval for management of a voluntary pension fund, the Agency shall register the voluntary pension fund in the Register of mandatory and voluntary pension funds and assigns an identification number.

(4) The registration of the voluntary pension fund in the Register for mandatory and voluntary pension funds has a legal effect toward third person the following day from the day of the registration in the Register of voluntary and voluntary pension funds

(5) The Joint Pension Company may not commence the activities of managing a Voluntary Pension Fund, as well as marketing and public opinion research activities before receiving the approval and the approval to manage Voluntary Pension Fund and not before the change in the Central Register of the Republic of Macedonia and not before than a date specified by the Agency.

Article 66

(1) Any change of the shareholders, Management Board members or Supervisory Board members, responsible persons or changes and additions to the documents listed in Article 61 paragraph (2) of this Law, shall be subject to consent by the Agency, unless changes occur that are out of the control of the Company and Company had undertaken all necessary measures to prevent those changes. The company is obligated to report to the Agency the changes becomes out of a company control.

(2) The Agency shall assess the changes listed in paragraph (1) of this Article according to the provisions for conditions fulfillment prescribed in Article 62 of this Law.

(3) The Agency shall prescribe the manner and the procedure of granting the approval listed in paragraph (1) of this Law.

Article 67

(1) A Voluntary Pension Company established by this Law may manage a Mandatory Pension Fund after receiving license for performing a business activity – managing Mandatory Pension Funds by the Agency, and after the change in the Central Register of the Republic of Macedonia it shall be given by the Agency an approval to manage a Mandatory Pension Fund.

(2) In order to obtain the permission from paragraph (1) of this Article and a

conditional approval for management with mandatory pension fund, as well as for registration the mandatory fund in the Registry of mandatory and voluntary pension funds, the Voluntary Pension Company shall submit to the Agency:

a) a request with a documentation mentioned in Articles 54 and 55 paragraph (1) items a), b), c), h), j), l), m) and n) of this Law;

b) documents which confirm that the founders of a company for management with a voluntary pension funds that will possess 51% of the nominal assets of the Joint Pension Company have extensive experience of management with assets, on the date of a submission of requests.

c) a statement signed by authorized signatories of the company that in case it obtains a license for pursuing an activity – management of mandatory funds it will make a change in the Central Registry of the Republic of Macedonia and will found a voluntary pension fund according to this Law and

d) a business plan which contains details about all indemnities and provisions which will be paid up according to this Law”.

(3) Requests from paragraph (2) of this article must be submitted signed by authorized signatories of the Voluntary Company, in a form prescribed by the Agency.

(4) After receiving requests from paragraph (2) of this Article, the Agency may require the applicants to submit additional documents and data.

(5) The Agency may, if it considers necessary, investigate any matters relating to the application with the documentation. In doing so the Agency may:

a) to ask for information from Office for Prevention of Money Laundering and Terrorist Financing for participation of the Voluntary Pension Company and the founders in cases of money laundering or financing terrorism

b) Seek the assistance of competent regulatory or supervisory authorities in the Republic of Macedonia or abroad;

c) Collect documents and data from other sources.

Article 68

The Agency issues the license for performing an activity- managing mandatory pension funds and a conditional approval for managing mandatory pension funds, based on the documents and data as per Article 67, paragraphs (2), (4) and (5) of this Law, unless this is contrary to the interests of the potential members or retired members in such mandatory pension funds, which will be established according to this Law and after meeting the following conditions:

(a) That it appears from the documentation and data received that the Joint Company would comply with the paid nominal assets prescribed by this Law if the license for performing a business activity – managing Mandatory Pension Funds were to be granted;

(b) That it appears from the documents and data available that the applicant

would have appropriate financial resources for that purpose;

(c) That it appears from the documents and data available that the applicant satisfies the requirements for founders as set out at Articles 24 and 26 of this Law;

(d) That it appears from the documents and data available that the proposed members of the Management Board and the Supervisory Board and those proposed to be responsible for investment management fulfil the requirements of this Law;

(e) The documents submitted in accordance with Article 67 paragraphs (2) and (4) of this Law contain provisions that will not threaten interests of the Members and Retired Members of the Pension Funds or in those documents provisions have not been omitted by which those interests are sufficiently protected;

(f) The applicant proved that he has provided or will provide on-time contracts for financial accounting and auditing of the Joint Pension Company in accordance with this Law;

(g) the suggested title of the future joint Company and the mandatory pension fund shall not mislead the members and the retired members of the fund, the future members and retired members or any other person that might be in contact with the company and the pension fund;

(h) That the Joint Pension Company or Pension Funds operation will be performed in accordance with Pension Fund management standards and prudent business customs; and

(i) That it appears from the documents and data that the Joint Company will not perform any activities other than that which is authorized by this Law and Law on mandatory fully funded pension insurance and directly related to managing a Pension Fund.

Article 69

(1) The Agency shall make its decision for the request from Article 67 paragraph (2) of this Law no later than 60 days from receiving the request.

(2) Agency shall give license for performing a business activity – managing Mandatory Pension Funds to the Voluntary Company and a conditional approval to manage a Mandatory Pension Fund to the applicant whose request is accepted.

(3) Voluntary Company that is granted a license for performing a business activity – managing Mandatory Pension Funds is obligated to make this change in accordance with the submitted documentation, Trade Company Law and this Law. The change of registration must be done within 90 days after receiving the license for performing a business activity – managing Mandatory Pension Funds and the Agency may extend the term for a further maximum period of 90 days, in justified circumstances.

(4) In case Voluntary Company that is granted a license for performing a business activity – managing Mandatory Pension Funds do not make the change within the term defined in paragraph (3) of this Article, the Agency shall take away the license after the expiration of the period.

Article 70

(1) The Agency shall submit an explanatory written decision for the refusal of the license for performing a business activity – managing Mandatory Pension Funds to the Voluntary Company. The decisions for refusal as per this Article shall be made available to the public.

(2) A dissatisfied Voluntary Company from paragraph (1) of this Article may submit a claim for entering into an administrative dispute in front of the authorised court. Such claim shall not postpone the execution of the decision.

Article 71

(1) The Joint Company shall notify the Agency about the change in the Central Register of the Republic of Macedonia within 30 days after the change is complete. The Joint Pension Company is required to submit certified copy of the Bylaw of the Joint Company, latest versions of the documents referred to in Article 55 paragraph (1) sub-paragraphs (b) and (c) of this Law and other documents related to the Pension Funds operation prescribed by the Agency.

(2) After the fulfilment of the requirements listed in Article 69 paragraph (3) of this Law and paragraph (1) of this Article, the conditional approval for managing a Mandatory Pension Fund shall become valid.

(3) After the validity of the approval for management of a mandatory pension fund, the Agency shall register the mandatory pension fund in the Register of mandatory and voluntary pension funds and assigns an identification number.

(4) The registration of the mandatory pension fund in the Register for mandatory and voluntary pension funds has a legal effect toward third person the following day from the day of the registration in the Register of mandatory and voluntary pension funds.

(5) The Joint Pension Company may not commence the activities of managing a Voluntary Pension Fund, as well as marketing and public opinion research activities before receiving the license for performing a business activity – managing Mandatory Pension Funds and the approval to manage Voluntary Pension Fund and not before its registration in the Central Register of the Republic of Macedonia and before the date prescribed by the Agency.

Article 72

(1) Any change of the shareholders, Management Board members or Supervisory Board members, responsible persons and additions to the documents listed in Article 67 paragraph (2) of this Law, shall be subject to consent by the Agency,

(189347.11)

unless those changes are out of the control of the Company and Company had undertaken all necessary measures to prevent those changes. The company is obligated to report to the Agency the changes becomes out of a company control.

(2) The Agency shall assess the changes listed in paragraph (1) of this Article according to the provisions for conditions fulfillment prescribed in Article 68 of this Law.

(3) The Agency shall prescribe the manner and the procedure of grant the approval listed in paragraph (1) of this Law.

Article 73

After the change as per Article 61 paragraph (1) and Article 67 paragraph (1) of this Law, the Joint Company notifies the members and the retired members of the pension funds under its management on the occurred change.

Article 74

The Agency shall prescribe in details the manner and procedure for granting a licence for establishment, a license for performing a business activity – managing Voluntary Pension Funds, a license for performing a business activity – managing Mandatory Pension Funds and approval to manage Mandatory and/or Voluntary Pension Fund.

Article 75

(1) Voluntary Pension Fund managed by the Joint Pension Company shall be completely separated from the Mandatory Pension Fund managed by the same Company.

(2) The Agency shall regulate the manner for separate maintaining of record keeping for the Voluntary and Mandatory Pension Funds managed by a Joint Company, as well as necessary measures for financial separation of Mandatory Pension Fund from Voluntary Pension Fund.

Article 76

(1) The Agency may withdraw or cancel the approval for managing a mandatory and/or voluntary pension fund for the same reasons for which the Agency refuses a request due to not submitting of documents as per Articles 55, 61, paragraphs (2), (4) and (5) and Article 67 paragraphs (2), (4) and (5) of this Law, not meeting the requirements as per the Articles 56, 59 paragraph (5), Articles 62, 65 paragraph (5), Articles 68 and 71 paragraph (5) of this Law, misuse of personal data of members or retired member, flagrant breach of the provisions of this Law and the Law on Prevention of Money Laundering and Other Proceeds of Crime and Financing of Terrorism and other reasons stipulated with this Law.

(2) Before withdrawing or abrogating an approval for managing a Mandatory and/or a Voluntary Pension Fund the Agency shall offer the Joint Pension Company an opportunity to eliminate any illegal operations in a term specified by the Agency unless it considers that such opportunity would be contrary to the interests of the Mandatory and/or Voluntary Pension Fund Members and Retired Members or contrary to the public interest.

(3) The Agency shall forthwith notify the Joint Company of the withdrawal or abrogation of the approval for managing a Mandatory and/or a Voluntary Pension Fund.

(4) Against the decision from paragraph (1) of this Article, the Joint Company has the right to submit a claim to enter into an administrative dispute in front of the authorized court. Such claim shall not postpone the execution of the decision.

(5) The Agency shall prescribe in detail the manner of withdrawing or abrogating an approval to manage a Mandatory and/or a Voluntary Pension Fund pursuant to paragraph (1) of this Article.

(6) After the abrogation the approvals for management of a mandatory and a voluntary pension fund, to a company that manages those funds, the provisions on company liquidation stipulated in the Company Law or the provisions of the Bankruptcy Law shall apply.

Article 77

(1) In the event of withdrawal of an approval to manage a Mandatory and/or a Voluntary Pension Fund pursuant to Article 76, the Joint Company shall continue to work under control of the Agency, in a manner prescribed by the Agency.

(2) In the event of abrogation of an approval to manage a Mandatory and/or a Voluntary Pension Fund according to Article 76, in order to protect the interest of Pension Funds Members the Agency takes over management and governing with that pension fund, until finalization of the decision for abrogation, in a manner prescribed by the Agency, with a prior consent by the Ministry of Labour and Social Policy.

(3) When the decision for abrogation of approval for management of a Voluntary Pension Fund is final, the Agency shall allocate the Members and Retired Members to the existing Voluntary Pension Funds. In case there is no Voluntary Pension Fund existing, the Agency shall manage with the Pension Fund that was managed by the Company whose approval to manage a Voluntary Pension Fund has been abrogated.

(4) While conducting the allocation to Voluntary Pension Funds from paragraph (3) of this Article, the Agency shall provide the number of Members and Retired Members allocated to each voluntary pension fund to be determined according to the Pension Fund return and fees from the Article 117 paragraph (1) item a) of this Law charged by the Company managing that Pension Fund, at the date prescribed by the Agency.

(5) When the decision for abrogation of approval for management of a Mandatory Pension Fund is final, the Agency shall allocate the Members and Retired Members to the existing Mandatory Pension Funds. In case there are less than two Mandatory Pension Funds existing, the Agency shall manage with the Pension Fund that was managed by the Company whose approval to manage a Mandatory Pension Fund has been abrogated.

(6) While conducting the allocation to Mandatory Pension Funds from paragraph (5) of this Article, the Agency shall provide the number of Members and Retired Members allocated to each mandatory pension fund to be determined according to the Pension Fund return and fees from the Article 95 paragraph (1) item a) of the Law on Mandatory Fully Funded Pension Insurance charged by the Company managing that Pension Fund, at the date prescribed by the Agency.

Article 78

A Joint Company may merge only with another Joint Company.

Article 79

(1) By merger of two Companies pursuant to Article 78 of this Article new Company shall be established.

(2) The new Company shall be established on the basis of license given by the Agency, and after establishment is shall be given by the Agency an approval to manage a Mandatory Pension Fund and an approval to manage a Voluntary Pension Fund.

(3) In order to get a license to establish the new Joint Company, existing Joint Pension Companies should jointly submit to the Agency a request together with the documentation listed in paragraph (5) of this Article and a business plan that will contain details for all fees and commissions that will be charged according to this Law. The requests for approvals to manage a Mandatory and a Voluntary Pension Fund and the requests for registration of a mandatory and a voluntary pension fund in the Register of mandatory and voluntary pension funds shall be submitted at the same time as the request for a licence to establish a Joint Company.

(3) Request from paragraph of this article must be submitted signed by authorized signatories of the existing Joint Company who would become founders of the new Joint Company, in a form prescribed by the Agency.

(4) With the merger of two voluntary pension funds, the members and the retired members, the voluntary individual accounts and the occupational accounts of the merging pension funds shall be transferred in the pension fund to which the first one is merged into. With the merger of two mandatory pension funds, the members and the retired members, the individual accounts of the merging pension funds shall be transferred in the pension fund to which the first one is merged into.

(5) Together with the requests from paragraph (3) of this article, Joint Pension Companies shall submit the following documents:

(a) Resolutions of the responsible bodies of each of the Companies on the merger;

(b) A contract for the merger of the Companies;

(c) An organizational and financial plan for implementation of the new Company;

- (d) Name of the new Voluntary Company and of the new Pension Funds
 - (e) Information on whether shareholders are Affiliated Entities;
 - (f) Documents presenting the financial standing of the shareholders of each Company, for the period since their existence but no more than five years immediately preceding the date of filing the application, including documents confirming that each shareholder is not in arrears of taxes and of social contributions;
 - (g) A revised information prospectus for the new Pension Funds;
 - (h) Draft By-laws of the new Pension Funds setting out, in particular, the revised fees;
 - (i) A draft contract with the custodian for the new Pension Funds and details of how any existing arrangements will be terminated;
 - (j) Names of the proposed Members of the Management Board and Supervisory Boards and in the event that such people do not serve in the merging Companies, the information specified in Article 55 paragraph (1) item (i);
 - (k) data on the persons that shall occupy the managing positions and other persons proposed to hold the positions as responsible for investment decisions, calculation of scheduled withdrawals, risk management, internal audit, individual accounts, marketing and sales;
 - (l) A program of the investment strategy for the new Pension Funds;
 - m) signed statements from the authorized signatories of the merging companies that after being granted the approval to manage a Mandatory Pension Fund and approval for managing a Voluntary Pension Fund, that the new Company shall enter in the Center for electronic system of quotations, according to the Law on Payment of Pensions and Pension Benefits from the Fully Funded Pension Insurance and
 - (n) Such other data as prescribed by the Agency.
- (6) The Agency shall grant a license for establishment of a new Joint Company and approval to manage a Mandatory Pension Fund and approval to manage a Voluntary Pension Fund on the basis of documents from paragraph (5) of the Article and after satisfying requirements of this Law.
- (7) After the effectiveness of the approval for management of a mandatory and a voluntary pension fund, the Agency shall register the mandatory and voluntary pension funds in the Register of mandatory and voluntary pension funds and shall assign identification numbers.
- (8) The registration of the mandatory and voluntary pension funds in the Register for mandatory and voluntary pension funds has a legal effect toward third person the following day from the day of the registration in the Register of voluntary and voluntary pension funds.”
- (9) The Merged Joint Company shall act as a legal successor of the two Joint Pension Companies that formed it.
- (10) The Agency shall prescribe in details the manner of the merger of

Companies pursuant to Article 78 of this Law and the merger of the Pension Funds pursuant to paragraph (1) of Article 81 of this Law.

Article 80

The Agency shall refuse to give approval to a merger of Joint Pension Companies, where:

a) the application and the appended documents do not fulfil the requirements

set forth in this Law;

b) documents appended to the application or other information indicate that either of the merging Companies within five years immediately preceding the date of filing the application was in arrears of taxes or in arrears of social contributions;

c) the shares of either Company originate from a loan, credit or are in any way encumbered;

d) business activity of the applicants hitherto does not guarantee that the new Company and the new Pension Funds shall be managed to the best interest of the Pension Fund Members and Retired Members;

e) the approval violates the interests of the Pension Fund Members and Retired Members or any other public interest.

Article 81

(1) The Voluntary Pension Funds shall merge at the same time as the Companies that managed them and shall create one Voluntary Pension Fund.

(2) The Mandatory Pension Funds shall merge at the same time as the Companies that managed them and shall create one Mandatory Pension Fund.

(3) Following the merger of the Pension Funds according to paragraphs (1) and (2) of this Article, the New Pension Funds shall undertake the rights and responsibilities of the Pension Funds that formed it.

Article 82

Before the merger pursuant to Article 78 of this law, the new Companies shall notify in writing all Members, Retired Members and Sponsors on the merger. After the merger, the new Joint Company shall notify in writing all Members and Sponsors of the name of the new Joint Company, names of the new Pension Funds and provide a copy of its information prospectus, by-laws of the new Company and by-laws of the new Pension Funds.

Article 83

(1) A Joint Pension Company may make acquisition of another Joint Company only.

(2) By acquisition of a one to another Company pursuant to paragraph (1) of this Article, the Voluntary Pension Fund managed by the Company that makes acquisition shall make acquisition of the Voluntary Pension Fund managed by

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the other Company. The Mandatory Pension Fund managed by the Company that makes acquisition shall make acquisition of the Mandatory Pension Fund managed by the other Company.

(3) Before the acquisition of the Pension Funds pursuant to paragraph (2) of this Article, the Company that makes the acquisition shall notify in writing all Members, Retired Members and Sponsors.

(4) Following the acquisition of one Voluntary Pension Fund by another Voluntary Pension Fund, voluntary individual accounts and Occupational accounts of the first Voluntary Pension Fund shall be transferred to the Voluntary Pension Fund that makes acquisition. Following the acquisition of one Mandatory Pension Fund by another Mandatory Pension Fund, individual accounts of the first Mandatory Pension Fund shall be transferred to the Mandatory Pension Fund that makes acquisition.

(5) The Agency shall regulate the manner of acquisition of Joint Pension Companies and Pension Funds pursuant to this Article.

CHAPTER 6 OCCUPATION PENSION SCHEMES

Article 84

(1) Employers and Citizen Associations may organize and finance an Occupation pension scheme only for their employees or members.

(2) Groups of Employers or Groups of Citizen Associations may together jointly sponsor Occupation pension schemes.

(3) The sponsor shall sign a contract with a Company that the sponsor has chosen to manage the underlying Voluntary Pension Fund for the Occupation pension scheme.

(4) The Sponsor shall adopt Occupation pension scheme rules. The Occupation pension scheme rules shall mandatory contain:

a) the name of the Occupation pension scheme;

b) the name of the Voluntary Pension Fund that underlies the Occupation pension scheme;

c) the contribution that the Sponsor shall make to the Occupation pension scheme on behalf of employees or members, calculated as a percent of a wage or as a fixed amount;

d) requirements for eligibility in the occupation pension scheme, pursuant to this Law

e) details about fees payable pursuant to Article 117 paragraph (1) of this Law; and

f) information regarding rights to transfers and rights to benefits at retirement.

Article 85

(1) A Sponsor shall pay contributions for each participant in the occupation pension scheme it organizes and finances.

(2) A Sponsor may at will terminate its occupation pension scheme, change the rules of the occupation pension scheme or change the Underlying Voluntary Pension Fund.

(3) Should a Sponsor take any of the actions outlined in paragraph (2) of this article, it is obligated to provide all Members that participate in the occupation pension scheme 30 days advance written notice.

Article 86

(1) A Sponsor may determine which of its employees or members can participate in the occupation pension scheme and may determine the rate of contributions it shall pay for each one of them.

(2) A citizen association who organized occupation pension scheme may provide that participation by one of its members in its occupation pension scheme is dependent upon that member making financial contributions to the citizen association to meet the cost of the Citizen Association related to its occupation pension scheme

(3) Participation in a occupation pension scheme shall cease with:

a) termination of the employment or the membership in an Association of citizens and with a transfer of the assets from a current occupational account to other occupational account or to a voluntary individual account, according to this Law and

b) abolishment of a occupational pension scheme and a transfer of the assets from the current occupational account to other occupational account or to a voluntary individual account, according to this Law”.

Article 87

One sponsor may not sponsor more than one occupation pension scheme at a time.

Article 88

All persons becoming employees of an employer that has introduced an Occupation pension scheme shall be entitled to a copy of the occupation pension scheme’s rules and the by-laws of the underlying Pension Fund within 15 days of commencing employment, regardless of whether the Employee is eligible at that stage to participate in the occupation pension scheme.

Article 89

A Program Sponsor shall pay from its own assets fees specified in Article 117

paragraph (1) item (a) and (b) of this Law in respect of those Members of a Pension Fund that participate pursuant to its occupation pension scheme.

Article 90

(1) A Sponsor must make any choice as to selection of a Voluntary Pension Fund in the best interests of its employees or members.

(2) A Sponsor may not introduce any mechanism to restrict vesting of pension benefits for Members that participate pursuant to its Occupational Pension Scheme.

Article 91

(1) Each participant of the occupation pension scheme shall sign a Statement for acceptance of participation in Occupation pension scheme and shall submit it to the Sponsor.

(2) After signing the contract pursuant to Article 84 paragraph (4) of this Law, a Sponsor shall submit to the Company a List of members in its Occupation pension scheme. The Sponsor shall regularly inform the Company for any change in the List.

(3) Persons who become Members of a Voluntary Pension Fund pursuant to an Occupational Pension Scheme shall be issued with Membership Certificates within thirty days of first becoming Members and shall not enter into contracts with the Company managing the Voluntary Pension Fund.

(4) The Agency shall prescribe standard form of Statement for acceptance of participation in Occupation pension scheme and Membership Certificate from paragraph (1) and (3) of this Article.

(5) Membership of a Voluntary Pension Fund pursuant to an Occupation pension scheme shall confer the same contractual rights on the Member as if he had entered into a contract with the Company, except the right to make contributions.

(6) No Company may restrict or deny the rights of a Member pursuant to an Occupation pension scheme in case such Member does not have a contract with the Company.

Article 92

(1) The assets of a participant in a occupation pension scheme, to whom the employment or the membership in one sponsor have been terminated, shall be transferred from the current occupation al account to the future occupation al account from the occupation pension scheme organized by the other sponsor.

(2) If after the expiration of 90 days from the termination of the employment or the membership in an Association of citizens the person does not become a participant of a occupation pension scheme to other sponsor, the assets from his/her current occupation al account shall be transferred to his/her voluntary individual account.

(3) If the assets from the occupational account are not transferred to his/her voluntary individual account after the expiration of the deadline stipulated in paragraph (2) of this Article, the company which maintains the current occupational account will request an information from the Agency as to whether the member has a voluntary individual account and if so it shall transfer the assets from the current occupational account to the voluntary individual account.

(4) If the company receives the information from the Agency that the member has not a voluntary individual account, it shall open a voluntary individual account on his/her behalf in a voluntary pension fund which it manages and shall transfer the assets from the current occupational account to a voluntary individual account. At the same time the company shall furnish the member a confirmation for membership.

(5) If the sponsor abolishes the occupation pension scheme, the assets of the participant in the occupation pension scheme shall be transferred in accordance with the provisions of paragraphs (1), (2), (3), and (4) of this Article.

(6) The Agency shall prescribe the time and the manner of transfer of the assets in accordance with paragraphs (1), (2), (3), (4) and (5) of this Article.

Article 93

(1) Should two sponsors become a single entity, whether as a result of merger or acquisition, the single Sponsor that results from such process shall have 180 days from the relevant date of the merger or acquisition to ensure that there is a single occupation pension scheme for its Employees or members.

(2) The Agency shall prescribe the manner of merger or acquisition of occupation pension schemes.

CHAPTER 7 VOLUNTARY PENSION FUND MEMBERSHIP AND PAYMENT OF CONTRIBUTIONS

Article 94

(1) A Member of a Voluntary Pension Fund may become any person if aged at least 15 years of age and holds a Voluntary Individual Account or any person that is participant of occupation pension scheme and holds an occupational account.

(2) A person specified in paragraph (1) of this Article becomes a member of a Voluntary Pension Fund by signing a Membership contract with the Company managing that Voluntary Pension Fund and by opening a Voluntary Individual Account or by opening an Occupational Account.

(3) A Company may not refuse to let a person join the Voluntary Pension Fund it manages, so long as the contributor is over the age of 15 years and

under the age of 70 years, except the persons from Article 95 paragraph (6) of this Law.

(4) The Agency shall specify the standard form of Membership from paragraph (2) of this Article. The membership contract can be changed with an annex only in case of including, change or excluding of the third person- payer from the contract

(5) The Agency shall closely regulate the manner for Pension Fund membership in accordance with this Article.

Article 95

(1) Company shall open Voluntary Individual Account for the persons who have signed Membership Contracts and Occupational Account for the persons that are members of occupation pension scheme, immediately after the first payment of contributions.

(2) A person may not have more than one Voluntary Individual Account and one occupational account at any time. In case the person works and/or is a Member of more than one Sponsor he/she can have only one Occupational Account by his/her own choice.

(3) A person may hold his/her Voluntary Individual Account and one Occupational Account in the same or in different Voluntary Pension Funds.

(4) Only a Sponsor may contribute to an Occupational Account. A Sponsor may not contribute to a Voluntary Individual Account.

(5) Another individual may pay contributions to Voluntary Individual Account of a Member of a Pension Fund, upon Membership contract signed by the Member, another individual and the Company.

(6) Payments in voluntary pension fund, for her/ him self and for other person cannot be made by a person who has become a pensioner according to the Pension and Disability Insurance Law, who withdraws funds according to the Law on Mandatory Fully Funded Pension Insurance or who realizes pension benefit according to this Law. If a member with voluntary individual account realizes his/her pension benefit according to this Law, the insurer may pay contributions on its occupational account.

(7) Contributions to a Voluntary Pension Fund may not be made in a name and at the account of a person aged at least 70 years of age.

Article 96

(1) A Voluntary Pension Fund Member may freely transfer and join another Voluntary Pension Fund.

(2) As an exception to paragraph (1) of this Article, member of a Voluntary Pension Fund as a Member of an Occupational Pension Scheme may not transfer to another Voluntary Pension Fund while he is employed or is member

of a Sponsor.

(3) If a Member holding a Voluntary Individual Account in a Voluntary Pension Fund (a "Current Voluntary Pension Fund") wishes to join a Voluntary Pension Fund managed by another Company (the "Future Voluntary Pension Fund"), that Member shall sign a Membership contract with the Pension Company managing the Future Voluntary Pension Fund, shall sign a form for agreement for transfer and shall pay the fee pursuant to Article 117 paragraph (1) item c) of this Law.

(4) The Agency shall regulate in more details the manner for transfer of Member from one to another Voluntary Pension Fund and the form for agreement to transfer.

Article 97

(1) In case of a transfer of a member from one to another Voluntary Pension Fund pursuant to Article 96 of this Law, the assets of that Member shall be transferred from the Current Voluntary Pension Fund to the Future Voluntary Pension Fund on the first following transfer date.

(2) The Agency shall closely regulate the manner and dates of transfer of assets between Voluntary Pension Funds managed by different Companies and type of data that shall be transferred.

Article 98

(1) Companies are obligated to undertake measures and activities in accordance with the Law on Prevention of Laundering Money and Other Proceeds from Crime and financing terrorism.

(2) The Agency for Supervision of Fully Funded Pension Insurance shall supervise the preventing of money laundering and financing terrorism system of the companies.

Article 99

If a Member of a Voluntary Pension Fund holding a Voluntary Individual Account ceases to contribute to the Voluntary Pension Fund before Retirement he/she shall remain a Member of the Voluntary Pension Fund until death, Transfer or until acquiring the right to a pension benefit and shall have the same rights as the other Members of that Fund under this Law.

Article 100

The Agency shall prescribe the manner of payment of contributions in Voluntary Pension Funds.

Article 101

- (1) The assets standing to the account of the Voluntary Pension Fund Member and Retired Member are part of his or her personal property.
- (2) The assets on the account of a Voluntary Pension Fund Member and Retired Member may not be used in a settlement or bankruptcy procedure.
- (3) The assets standing to the account of a Voluntary Pension Fund Member and Retired Member may not be pledged, assigned or transferred for the benefit of third parties, except when this is explicitly allowed by this Law.
- (4) Legal activities related to paragraphs (2) and (3) of this Article shall be null and void.

CHAPTER 8

CROSS-BORDER MEMBERSHIP OF VOLUNTARY PENSION FUND

Article 102

- (1) A Sponsor located within the territory of another member state of the European Union may organize an occupation pension scheme using a Voluntary Pension Fund managed by company registered in the Republic of Macedonia.
- (2) The Company that wishes to accept occupation al pension scheme organized and financed by a sponsor based in another member state of the European Union shall notify its intention to the Agency.
- (3) The notification referred to in paragraph (2) above to the Agency shall notify:
 - (a) The name of the proposed Sponsor;
 - (b) The main characteristics of the occupation pension scheme; and
 - (c) Details of the member state in which the proposed sponsor is based.

Article 103

Where the Agency is notified pursuant to Article 102 of this Law unless it has reason to doubt that the administrative structure or the financial situation of the company or the good repute and professional qualifications or experience of the persons running the company are compatible with the operations proposed in the member state, it shall within 180 days of receiving of all the information referred to, communicate that information to the competent authorities of the member state in which the proposed Program Sponsor is based and inform the Company accordingly.

Article 104

(1) The Company may start operating an occupation pension scheme for a Sponsor from another member state of the European Union upon receiving from the Agency information passed to it by authorities of the member state in which the prospective Sponsor is located, on the requirements of social and labor law relevant to the field of occupation pension scheme in the member state.

(2) The Agency shall prescribe the manner for operation with occupation pension scheme, organized and financed by Sponsor located in another member state of the European Union, within Voluntary Pension Fund.

Article 105

A Sponsor located within the territory of Republic of Macedonia may organize an occupational pension scheme using a Voluntary Pension Fund managed by Company licensed to manage occupation pension schemes in another member state of the European Union, in accordance with the relevant labour and social insurance legislation in the Republic of Macedonia and this Law.

CHAPTER 9 MARKETING OF VOLUNTARY PENSION FUND

Article 106

(1) No person may offer any kind of gifts to another person in order to make the person enroll or sign an agreement for scheduled withdrawals, an agreement for lump sum payments or agreements for multiple payments in any Voluntary pension fund or to stay a member or retired member in any Voluntary pension fund, as well as to participate in any occupational scheme or to remain a member in any occupational scheme.

(2) No one may offer any gifts to another person for the purpose of persuading a person to attend or stay at locations where Voluntary Pension Fund marketing is performed.

(3) No one may offer any gifts to a Sponsor or to Affiliated Entities and/or Persons for the purpose of inducing or rewarding him to become or remain a Sponsor of an Occupation pension scheme with a particular Voluntary Fund or induce or order its employees or Members to join any particular Occupational Pension Scheme.

(4) No one may offer any gifts to a Trade Union or other organization, collective entity or entities and/or persons affiliated to such organization or entity for the purpose of leading or rewarding that body to induce or order its

members to join any particular Voluntary Pension Fund.

(5) A gift in terms of this Article shall mean, but shall not be limited to, cash rewards, payment of monetary fees for premature termination of the membership or termination of scheduled withdrawals agreement or the agreement for multiple payments offered from another voluntary pension fund, offerings in forms of gifts of real estate or movable, art, organizing exhibitions or shows, or other acts which usually must be paid, except for those payments which derive directly from the entitlements of the members and the retired members of the voluntary pension fund.

Article 107

(1) The persons from paragraph (3) of this Article must not give false or incorrect information on the Voluntary Pension Fund, the occupational scheme or on the Company managing such fund and, they must not give information which are misleading for the members and the retired members of the Voluntary Pension Fund, the persons who are entitled to become members of a Voluntary pension fund, neither with verbal statements nor with written materials, through announcements, or any kind of advertising material.

(2) The persons of paragraph (3) of this Article shall not issue any kind of statements or forecasts for the future investment results of a Voluntary Pension Fund, to the members and retired members of that fund and to the persons who might become members or retired members in the future, insurers or potential insurers, except statements which are in a form and by the procedure prescribed by the Agency.

(3) Persons referred to in paragraph (1) and (2) are:

(a) Companies;

(b) Affiliate entities/ persons with the Companies; and

(c) Sales agents or Employees of the Companies and of the affiliate entities/persons;

(4) The company which manages the voluntary pension fund has a duty to submit the Agency as a copy or an appropriate external medium of the published material for marketing, within three days after its publication. The Agency shall adopt guidelines for the content of the advertisements as well as for other material for marketing of voluntary pension funds and of companies which manage them.

(5) If the Agency considers that an advertisement or other written material may be misleading, it may with an act ban or the subsequent its publication or distribution and order publishing of a correction of that material within a deadline that it will determine by itself.

(6) The Agency shall issue guidelines on the contents of the advertisements and the other written promotional materials for voluntary pension funds and the companies that manage them.

Article 108

(1) The Company may take activities of marketing of a voluntary pension fund in its premises as well as in the premises of its business collaborators for marketing. The premises shall fulfill the following criteria:

- a) has at least one agent;
- b) has a person responsible for taking activities of marketing of the Company that manages with a voluntary pension fund, and who may be employed in the business collaborator and
- c) provides with an appropriate space for doing marketing of the company that manages with a voluntary pension fund.

(2) A business collaborator for marketing from the paragraph (1) of this Article may be a Bank or Insurance Company. The Company is obligated to sign an agreement with the associate for performing marketing activities for the Voluntary pension fund in the premises of the associate.

(3) The Company is liable for the fulfillment of the conditions from paragraph (1) of this Article.

(4) The Company shall submit the Agency, on the last working day of the quarter, a list with the premises of its business collaborators for marketing, which, apart from the name contains as well an address and a responsible person.

Article 109

(1) The Company may sign a membership agreement, scheduled withdrawals agreement, lump sum agreement and multiple payments agreement with a physical person only through its agent

(2) The presence of the agent upon signing of a membership agreement is obligatory, as well as upon signing of scheduled withdrawals agreement, lump sum agreement and multiple payments agreement where the agent is obligated to sign such agreement as well.

(3) A person may perform marketing activities only after his/her entry in the register of sales agents.

(4) The sales agent may perform marketing activities for only one Mandatory Company Pension Fund or only for one Voluntary Company or only for one Joint Company at a time.

(5) The sales agent shall be obliged to be re-registered, in order, at a later date, to perform marketing activities for another Company referred to in paragraph (4) of this Article.

(6) Any Person who markets a Voluntary Pension Fund over the telephone, whether in a call center or otherwise, shall be required to become a registered sales agent.

(7) The Agency may remove from the sales agents register any person who does not obey the requirements of this Law and shall not approve that

person's re-registration for a period of three years from the date of removal.

(8) The Agency shall organize sales agent exam in respect of those persons who should be passed by all persons that are going to become sales agents for the Pension Companies referred to in paragraph (4) of this Article. The Voluntary Pension Company is obligated to submit an application on behalf of the agent for his/her registration in the Register of agents if the person fulfills the conditions, and an application for deleting the agent from the Register of agents if he/she does not fulfill the conditions prescribed in Article 77 paragraph (6) of the Law on Mandatory Fully Funded Pension Insurance.

(9) Provisions for the requirements for entering the Register of sales agents, manner and procedure for passing the exam and issuance of the certificate for sales agent from Article 77 paragraph (6), (7), (9), (10) and (11) shall be applied to all persons that should enter the Register of Sales Agents.

Article 110

The sales agent is obligated to establish personally all contacts with the member, the retired member or with persons entitled to become members of a pension fund, and must not conclude agreements for membership, for scheduled withdrawals, lump sum payments or multiple payments through another person.

Article 111

(1) In case an employee, a representative, an agent or an affiliated person with the Company or a Joint Company influences a member or a retired member to cancel the agreement with another Company or a Joint Company and to sign an agreement with the Company represented by him/her, then he/she must give priority to the interests of such member despite his/her personal interest or the interests of the Company.

(2) Personal contact as referred to in paragraphs (1) of this Article means a meeting, telephone conversation or personally addressed correspondence between the Employee, representative or sales agent of the Company and the person concerned or any affiliate entities and/or persons of the person concerned.

Article 112

(1) Any Voluntary Pension Fund marketing that is contrary to public morals or that may harm the Voluntary Fully Funded Pension Insurance shall be prohibited.

(2) It is forbidden for a responsible person to advertise to an employee a voluntary pension fund, except in case when the employer has organized a occupation pension scheme for his/her employees .

CHAPTER 10 REPORTING AND INFORMATIONAL OBLIGATIONS

Article 113

(1) Each company is obligated to publish an information prospectus for the voluntary pension fund it manages. The information prospectus shall consist of complete, correct and fair data on the Voluntary Pension Fund and the Company managing that fund, which are necessary for the potential member to be able to make an informed decision on his/her membership in a Voluntary pension fund or, for the potential retired member to be able to sign an scheduled withdrawals agreement or a multiple payments agreements, such as:

- a) a name and address of the company and the fund its manages;
- b) names of the members of the Management Board and the Supervisory Board of the company;
- c) the names and addresses of the shareholders and their proportion of the company's equity;
- d) the name and address of the custodian and details of any changes of custodian made in the previous year and the reasons for those changes;
- e) data for the auditor of the voluntary pension fund and the company;
- f) the basic investment principles for the period mentioned in paragraph (2) of this Article and any self-imposed limits on investment other than those prescribed by this Law;
- g) responsibility for the investment decisions;
- h) the fees, provisions and all other expenses that are charged to Members and Retired Members of the voluntary pension fund;
- i) membership, signing of agreement for scheduled withdrawals, signing of agreement for lump sum payment, signing of agreement for multiple payments and signing of transfer agreement;
- j) a manner of reporting to the Members and Retired Members;
- k) right to pension benefit;
- l) portfolio of the voluntary pension fund;
- m) the number of voluntary pension fund Members and Retired Members;
- n) the net value of the voluntary pension fund assets;
- o) other data regarding the operation of the company that may be prescribed by the Agency in order to provide transparency.

(2) The company is obligated to publish, the information prospectus listed in paragraph (1) of this Article by 31st of March of each year with data on the 31st of December of the previous year, on the web site of the company and in at least one the daily newspapers with greatest circulation distributed on the entire territory of the Republic of Macedonia.

(3) Notwithstanding the paragraph (1) of this Article within 15 days from the registration of the voluntary pension fund in the Register of mandatory and voluntary pension funds, the company is obligated to publish the information prospectus with data stipulated in paragraph (1) items a) b), c), d), e), f) g), h), i),

j), k) and o) of this Article.

(4) The Company is obligated to submit, upon request from a member or retired member of the Voluntary Pension Fund, the information prospectus and the statute of the voluntary pension fund under its management and to give them for inspection to every person who will express interest in membership or in signing an agreement for scheduled withdrawals, agreement for lump sum payment, or agreement for multiple payments with the Voluntary Pension Fund under management of such Company.

.Article 114

(1) A Company is obliged on a regular basis and at least once a year, to provide each Voluntary Pension Fund Member with written information about the asset balance in his/her voluntary or occupational individual account, dates of contributions and transfer payments for that Member during the relevant period, and conversion of those contributions and transfer payments into accounting units.

(2) Upon request from a Voluntary Pension Fund Member, at any time, the Company is obliged within eight working days following the receipt of that request, to provide that Member with a statement of the monetary value of the assets standing to his/her voluntary individual account or occupational account.

(3) At least once a year the Company is obligated to provide information to each Voluntary Pension Fund Member on the value and proportion of the assets of its Fund invested in particular classes of assets, including details of the issuers of particular securities on the last Valuation Date before and including 31st December each year. The obligation to provide data on the issuers of particular securities shall only apply to investments representing at least 1% of the value of Voluntary Pension Fund assets. The Pension Company is also obligated to provide information on the total transaction fees paid by it and its foreign managers of the Voluntary Pension Fund assets to the legal entities that provided securities services in the period since the previous report and on the average costs of such fees per accounting unit of that Pension Fund.

(4) The information referred to in paragraph (1) and (3) of this Article shall be provided free of charge to the Voluntary Pension Fund Members. A Company may impose a fee for providing the statement referred to in paragraph (2) of this Article, but such fee may not exceed the printing and mailing costs of providing the statement.

(5) As an exception to paragraph (1) and (3), Company does not have an obligation to submit information to the person if he/she does not have voluntary individual account or occupational account.

(6) The information referred to in paragraph (1) and (3) of this Article shall be submitted at such shorter intervals as specified by the Agency. The Agency shall issue regulations specifying the type and period in respect of

which such information shall be submitted, the manner and format in which any information shall be provided, and its method of transmission.

(7) The reports listed in paragraphs (1) and (3) of this Article, with prior written consent by the member, can be submitted in electronic form instead of written form.

(8) The provisions from paragraphs (1), (2), (3), (4), (5), (6) и (7) of this Article shall apply to retired members, accordingly.

Article 115

Where a occupation pension scheme is in place, the Company governing the underlying Voluntary Pension Fund shall submit the information specified in Article 114 paragraph (1) and (3) to the Sponsor and must comply with a request of the type specified in Article 114, paragraph (2), (4), (5) and (6) of this Law. Upon prior written consent of the insurers, the Company may submit the information electronically instead in writing.

Article 116

(1) The Company is obligated to submit to the Agency the following information:

a) quarterly unaudited and annual unaudited and audited financial statements for the Company together with the gross balance;

b) quarterly unaudited basic financial reports and auxiliary reports and annual unaudited and audited financial reports and auxiliary reports for the Voluntary Pension Fund, together with the gross balance;

c) detailed information on the acquisition and transfer of assets of the Voluntary Pension Fund by stating for each asset, the date and the price of the transaction and the legal entity performing the securities transaction service;

d) data on the costs for the Agency, the custodian, transactions, marketing, agents and other costs according to this Law;

e) data on the shareholders of the Company, including names and addresses;

f) names of the members in the managing bodies and the employees of the Company and the amounts of fees for their engagements;

g) information on submitted notifications to members and retired members as per Article 114 paragraphs (1) and (3) of this Law;

j) detailed information on the number of members in the Voluntary Pension Fund, number of members who enrolled with the Voluntary Pension Fund, number of members who transferred to another Voluntary Pension Fund, number of deceased members and number of pension benefit beneficiaries;

i) detailed information on the total number of retired members from the Voluntary Pension Fund, number of persons who have signed agreements for scheduled withdrawals, lump sums and multiple payments, and combinations per types of payment, number of retired members who disrupted their agreements for scheduled withdrawals and switched Pension Companies or the type of pension benefit payout and the number of deceased members;

- j) detailed data on all insurers and data on the occupational schemes included in the Voluntary Pension Fund;
- k) the records as per Article 33 paragraph (3) of this Law;
- l) Letter of confirmation with the opinion of the authorized actuary;
- m) annual report on the operations of the authorized actuary;
- n) report on meeting the obligations as per Articles 30-a, 30-b and 34-b of this Law;
- o) report on the performed valuation of the Voluntary Pension Fund assets;
- p) reports on the internal audits and internal controls and
- q) other data prescribed by the Agency.

(2) The unaudited financial reports as per paragraph (1) counts a) and b) of this Article shall be submitted within one month after the completion of the period to which they refer to, while the audited financial reports of paragraph (1) counts a) and b) of this Article shall be submitted within three months after the completion of the period to which they refer to. The reports from paragraph (1) counts a) and b) of this Article, shall be published on the web site of the Company or the Joint Company, within five days from their submission to the Agency.

(3) The data from paragraph (1) counts c) and o) of this Article shall be submitted for each day of valuation, at the latest the following working day.

(4) The data from paragraph (1) counts d), h), i) and j) of this Article shall be submitted once a month, at the latest on the fifth day of the month for the previous month.

(5) The data from paragraph (1) counts e), f) and n) of this Article shall be submitted once a year, at the latest 15 days after the end of the business year.

(6) The data from paragraph (1) count g) of this Article shall be submitted within one month after the end of the period to which such data refers to.

(7) The reports from paragraph (1) count p) of this Article shall be submitted for each quarter, at the latest on the fifth day of the month, for the previous month.

(8) The letter of confirmation with the opinion, as of paragraph (1) count l) of this Article shall be submitted within one month after the end of the period to which such letter refers to, and the report from paragraph (1) count m) of this Article shall be submitted within three months after the end of the period to which the report refers to.

(9) The records as of paragraph (1) count k) of this Article shall be submitted within 15 days after the end of each calendar year

(10) The Agency shall prescribe the type and the period to which the data should refer to, the manner and the form of disclosing such data and the procedure for their submission.

CHAPTER 11 FEES AND COMMISSIONS

Article 117

(1) A Company may only charge the following fees:

- a) A Fee on the contributions expressed in percentages of every contribution paid into the Voluntary Pension Fund, prior to their conversion into accounting units. The fee on the contributions shall be determined by the Pension Company but shall not to exceed 7 per cent of every amount contributed;
- b) A monthly fee of a percentage of the Voluntary Pension Fund net asset value, to cover costs of the Pension. The monthly fee shall be determined by the Company but shall not exceed 0.15 per cent per month. The fee calculation shall be made, at each valuation date of the Voluntary Pension Fund assets and shall be payable once a month;
- c) Fee in case of transfer of assets standing to voluntary individual and occupational Account of a Voluntary Pension Fund Member from one to another Voluntary Pension Fund, if the Member who transfers has been a member of the Current Voluntary Pension Fund for a period shorter than one year before the transfer to the Future Voluntary Fund. The maximum fee and the method of payment of the fee shall be closely prescribed by the Agency with the prior opinion of the Ministry of Labour and Social Policy.

(2) The fee listed in paragraph 1 item c) of this Article shall be paid by a voluntary pension fund member in case of the transfer of the assets from one to another voluntary pension fund when the member transfers to another voluntary pension fund and the insurer in case of transfer of the assets from one to another occupational account when the insurer transfers to another voluntary pension fund. The company, or its representative, that manage the pension fund in which member transfers is prohibited to pay this fee.

(3) The fee referred to in paragraph (1) item c) of this Article cannot be imposed in the following circumstances:

- a) If the Company that should transfer the assets from one to another Pension Fund has increased or notified of an increase in the fees referred to paragraph (1) of this Article, in a period of 180 days preceding the date of asset transfer;
- b) If the Member does not have assets in the Occupational Account or in the Voluntary Individual Account;
- c) If the assets are transferred from one to another Occupational Account or from Occupational Account to Voluntary Individual Account due to a change of the Sponsor or because of excluding of the participant from the occupational pension scheme;
- d) If the Agency adjudicates that the person joined the Voluntary Pension Fund following marketing and advertising activities contrary to the provisions of this Law;
- e) In the event that the Company managing that Pension Fund enters into bankruptcy procedures or its licence to manage that Voluntary Pension Fund has been cancelled or withdrawn or

f) In the event of merger or acquisition of the Company that should make the transfer of assets from one to another Voluntary Pension Fund, within 180 days of merger or acquisition.

Article 118

(1) A Company shall charge the same percentage fees as specified in Article 117 paragraph (1) of this Law to all its Voluntary Pension Fund Members except for Members that are participants in an Occupational pension scheme.

(2) As an exception to paragraph (1) of this Article, the fee listed in Article 117 paragraph (1) item a) of this Law may be reduced in relation to all persons who have been Voluntary Pension Fund Members in that particular Voluntary Pension Fund for a period of time determined by the Company. Fees must be reduced on a uniform basis so that there is no differentiation in relation to persons who have been Members of the same Voluntary Pension Fund for the same period of time.

Article 119

(1) A Company is obligated to notify all members of the Pension Fund for any proposal to increase the fees referred to in Article 117 paragraph (1) of this Law, at least 180 days before its implementation. The Company is obligated to inform all retired members of the pension fund on each proposal for increase of fees as of Article 117 paragraph (1) count b) of this Law, at least 180 days prior to the enforcement of such fee.

(2) Notification from paragraph (1) of this Article shall be given in a written format and submitted to every Member and Retired Member of the Pension Fund and the Agency. This notification shall also be published on the company's web site, at least, in one daily newspaper in the Republic of Macedonia.

(3) In case of a member transferring from one to another Voluntary Pension Fund, Company managing the Future Voluntary Pension Fund shall present the notification referred to in paragraph (1) of this Article to such member.

Article 120

(1) Transaction fees related to transactions for acquisition or transfer of a Voluntary Pension Fund's assets shall be paid from the Pension Fund's assets.

(2) The Company shall be obligated to control any fees paid to the chosen entities for providing services with securities directly related to trading of pension fund assets from the assets of the Voluntary Pension Fund it manages, in order to ensure that the fees are fully competitive with those charged by other entities for similar transactions. In order to protect the interest of Pension Fund Members and Retired Members, the Agency may forbid affiliated entities to the Company to conduct services with securities directly related to trading of

pension fund assets.

(3) In order to ensure the competitiveness referred to in paragraph (2) of this Article, the Company shall select domestic entities for providing services with securities on the basis of: lowest brokerage fee, scope of trading, human resources, technical and organizational capacity. In order domestic entity for providing services with securities to be elected it should have at least 2 licensed brokers employed with at least 2 years of working experience as licensed brokers.

(4) The Agency shall prescribe necessary scope of trading, human resources, technical and organizational capacity.

(5) Selection of entities for providing services with securities shall be done for a period of one year, according to the procedure prescribed by this Article.

(6) The contract between the Company and the entity for providing services with securities shall come into effect after the consent issued by the Agency. The Company submits to the Agency the contract along with the list of tariffs for the brokerage fees.

Article 121

All other costs related to a Voluntary Pension Fund operations that are not covered by provisions, fees, or charges set out in this Law, shall be covered by the Company managing that Voluntary Pension Fund.

CHAPTER 12 OPERATIONS OF ACCOUNTS AND VALUATION OF VOLUNTARY PENSION FUND ASSETS

Article 122

(1) Contributions, transferred assets and any investment returns subsequently earned shall be allocated to individual accounts of the Members of the Voluntary Pension Funds. The voluntary contributions of the members, the transferred assets and all returns from their investment shall be allocated on voluntary individual accounts and/or occupational accounts titled on the names of the members and retired members of the Voluntary Pension Fund.

(2) Record keeping of individual accounts in a Voluntary Pension Fund shall be conducted by the Company managing that Pension Fund.

Article 123

(1) Accounting units shall be used for keeping records of individual accounts and assets of Voluntary Pension Funds.

(2) Each accounting unit shall, for valuation purposes, represent a proportional

share in the total net assets of that Pension Fund.

(3) The value of the total number of accounting units of a Voluntary Pension Fund shall always be equal to the total value of that Voluntary Pension Fund's net assets calculated according to Article 124 of this Law.

(4) Assets from paragraph (1) of this Article may be converted into fractions of accounting units, and the value of assets of a Voluntary Pension Fund Member's account may be expressed in fractions of accounting units.

Article 124

(1) The value of the assets of a Voluntary Pension Fund shall be determined on the basis of the market value of each individual asset.

(2) The value of the net assets of a Voluntary Pension Fund shall be determined by deducting the liabilities of a Pension Fund, except for the liabilities to Voluntary Pension Fund Members and Retired Members, from the value of the Pension Fund assets.

(3) The Agency shall, closely regulate the manner for valuation of the assets of Voluntary Pension Funds and calculation of the value of their net assets.

Article 125

(1) The contributions shall be converted into accounting units on previously determined dates (hereinafter referred to as Valuation Dates), on the basis of the value of the accounting units on that date. The Valuation Date shall always be on the last working day of each month. The Agency shall prescribe other Valuation Dates in shorter periods if required by the needs of the fully funded pension insurance market and of the financial market.

(2) The value of one accounting unit on the first Valuation Date following the first payment of contributions to a Voluntary Pension Fund shall be closely prescribed by the Agency.

(3) Until contributions are converted into accounting units they shall be kept on a separate account of the Voluntary Pension Fund. The interest on those assets shall be the Voluntary Pension Fund's income.

Article 126

(1) The value of the net assets of a Voluntary Pension Fund shall be calculated at each Valuation Date, and notified to the Agency forthwith.

(2) On each Valuation Date, the value of an accounting unit of that Voluntary Pension Fund shall also be calculated, and notified to the Agency forthwith.

(3) The calculations referred to in paragraphs (1) and (2) of this Article shall be

made by the Company and they shall be validated by the Custodian.

(4) The Pension Company shall be obliged to change the valuation of particular securities, upon Agency's request, in case the Agency determines that the Company has used an incorrectly calculated price for the respective security during the valuation, or that its fair value does not correspond with the real market situation, as well as in other cases that could threaten the interests of the Members and Retired Members.

Article 127

(1) A Company which is managing a Voluntary Pension Fund has an obligation, at the end of June and December of each year, to determine the return in nominal and real amounts, for the previous 84 months, in accordance with paragraph (2) of this Article. If a Voluntary Pension Fund had not received contributions for a period of 84 months, but has accepted them for a period of 12 months, at the end of June and December the return shall be calculated for the period from the first June or December after the establishment of the Fund until the end of June or December in the period of calculation. The Company submits the data on the calculation of the return to the Agency.

(2) The return of the Voluntary Pension Fund in nominal value is equal to the change in value of the accounting unit on the last day of valuation of paragraph (1) of this Article in respect to the value of the accounting unit on the last day of valuation of the starting month of paragraph (1) of this Article. The return of the Voluntary Pension Fund in real value is calculated based on the return of the Voluntary Pension Fund in its nominal value and the costs of life for the same period for which the return is calculated, as published by the State Statistics Office of the Republic of Macedonia. The returns are expressed in percentages.

Article 128

The Agency shall closely regulate:

(a) The methodology for Calculation of the Rate of Return of the Voluntary Pension Funds and the methods for rounding of those values.

(b) The date when the Company is obligated to notify the Agency of the value of the Voluntary Pension Fund net assets, the precise methodology for determining the dates at the end of June and December at which the calculations shall be made, the methodology for valuation, the value of an accounting unit, the Voluntary Pension Fund's rate of return, as well as the manner of such notification.

Article 129

(1) The accounting of Voluntary Pension Funds and Pension Companies shall be maintained in accordance with the relevant Laws and with the international accounting standards.

(2) The Agency shall closely regulate the chart of accounts, the form and the contents of the basic financial statements the additional statements for the

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Voluntary Pension Funds, as well as the contents of the separate accounts in the chart of accounts of the Voluntary Pension Funds.

(3) The Agency shall prescribe the form and the contents of the Pension Companies' financial statements.

CHAPTER 13

INVESTMENT OF A VOLUNTARY PENSION FUND

Article 130

(1) The Company is obligated to invest the assets of the Voluntary Pension Fund in accordance with the provisions of this Law and its investment strategy in order to obtain the highest return solely in the best interests of the members or retired members of the Voluntary Pension Fund and through diversification and financial analysis to reduce the risks from losses, which might occur:

- 1) due to default of the issuer or another contractual party;
- 2) due to the effects from the domestic or foreign financial markets;
- 3) in the real value of the voluntary pension fund assets due to inflation and
- 4) which are consequences of the sales of voluntary pension fund assets in order to obtain liquidity of the voluntary pension fund.

(2) A member of a Management or Supervisory Board in the Company when managing and controlling the investments of assets of the Voluntary Pension Fund should employ care, efficiency and skills, which would be applied by a prudent man upon investment of own assets. Each member should meet his/her obligations in accordance with his/her fiduciary duties and should provide for their application by each employee or otherwise engaged persons.

Article 131

(1) On the base of the provisions of Articles 132 and 133 of this Law, the Voluntary Pension Fund assets can only be invested in the following instruments:

- (a) Bank deposits with banks that are licensed by the National Bank of the Republic of Macedonia, provided that such deposits are interest bearing;
- (b) Bonds, and other securities issued or guaranteed by the National Bank of the Republic of Macedonia;
- (c) Certificates of deposit, commercial notes and bonds issued or guaranteed by banks that are licensed by the National Bank of the Republic of Macedonia;
- (d) Mortgage backed securities issued by banks that are licensed by the National Bank of the Republic of Macedonia;
- (e) Bonds and other securities issued or guaranteed by the Republic of Macedonia on the domestic market;

(f) Shares from domestic joint stock companies, which are not close-end investment funds, issued on the grounds of approval from the Securities and Exchanges Commission of the Republic of Macedonia that are traded on the official market of the security stock exchange or on the market of joint stock companies, with special reporting obligations within the regular stock exchange market or other organized security markets in the Republic of Macedonia, controlled by the Securities and Exchange Commission;

(g) Bonds issued on the basis of a permission by the Securities Exchange Commission of the Republic of Macedonia which are listed at the official market of the Stock Exchange or at other organized market for securities in the Republic of Macedonia that is under control by the Commission, issued by a local self-government unites and by domestic joint stock companies that are not banks;

(h) Commercial notes issued by Macedonian joint stock companies other than banks;

(i) Participation units and shares of Macedonian investment funds authorized by the Securities and Exchange Commission of the Republic of Macedonia;

(j) Bonds and other securities issued by foreign Governments or central banks of the European Union member-countries and OECD member-countries;

(k) Debt securities issued by European Central Bank, European Investment Bank and World Bank;

(l) Debt securities with a investment grade level rating by reputable international rating agencies issued by municipalities, non-state foreign companies or banks of the European Union member-countries and OECD member-countries;

(m) Shares issued by foreign companies or banks with a investment grade level rating by reputable international rating agencies, traded on the main stock exchanges of the European Union member-countries and OECD member-countries;

(n) Participation units, shares and other instruments issued by authorized open-end and close-end investment funds established in the European Union member-countries and OECD member-countries;

(o) Other forms of investment according to the regulations of the Agency, provided that such investments are not contrary to Article 134 of this Law.

(2) Trading with Voluntary Pension Funds securities shall be carried out in organized secondary capital markets, OTC or in primary markets for instruments which fulfil requirements of this Article.

(3) Assets of Voluntary Pension Funds may be invested in instruments which fulfil the requirements set up by the Agency specifying:

(a) Requirements to be satisfied by organized secondary capital markets in which such Fund assets are traded;

(b) Quality requirements to be met by shares, bonds and other instruments into which Pension Funds assets are invested;

(c) Countries or groups of countries into which Pension Funds assets may be invested.

Article 132

(1) The voluntary pension fund assets may be invested in securities of the same issuer to a maximum of 10% of the nominal value of the single security, issued by that issuer. Exceptionally, in bonds and in other debt securities issued by local self-government units and by domestic joint stock companies, the investment may be a maximum of 20% of the nominal value of the single security issued by issuers. The assets of a voluntary pension fund may not be invested in more than 40% from the total issued bonds of the local self-government units. There are no investment limits for bonds and other securities issued or guaranteed by the Republic of Macedonia on the domestic market or any of the member states of the European Union or a country member of the OECD;

(2) No more than 5% of the value of voluntary pension fund assets can be invested in instruments except of deposits and certificate of deposits issued by same subject that is not established by the state and is registered in Central Register of Republic of Macedonia or in the member country of EU or OECD, whereupon no more than 7.5% of the value of voluntary pension fund assets can be invested in instruments except of deposits and certificate of deposits of this interconnected entities. Exceptionally, in parts and shares of investment funds issued by a same management company from the EU or OECD member state, a maximum of 15% from the value of the assets of the voluntary pension fund may be invested, whereas in a single investment fund a maximum of 5% from the value of the assets of the voluntary pension fund may be invested.

(3) No more than 10% of the value of voluntary pension fund assets can be invested in deposits and certificate of deposits of one bank which is licensed by the National Bank of the Republic of Macedonia, except of deposits and certificate of deposits of custodian of voluntary pension fund assets where not more than 5% of the value of voluntary pension fund assets can be invested. Not more than 15% of the value of voluntary pension fund assets can be invested in deposits and certificate of deposits of interconnected bank.

(4) The Agency may prescribe investment limits in particular instruments different than the limits prescribed in Article 133 of this Law, which shall apply in a period specified by the Agency, but not longer than five years. The limits cannot be abrogated, entirely or partly, without previous written notification to each company that manages voluntary pension fund.

Article 133

(1) Investments in particular instruments according to Article 131 paragraph (1) of this Law shall be subject to the following restrictions:

a) No more than 50% of the value of the assets of the Voluntary Pension Fund may be invested in assets issued by a foreign issuer of financial instruments outside the Republic of Macedonia. Within this restriction no more than 30% of the Voluntary Pension Fund asset value may be invested in instruments stated in Article 131 paragraph (1) (l), (m) and (n) of this Law;

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- b) No more than 80% of the Voluntary Pension Fund asset value can be invested in the instruments stated in Article 131 paragraph (1) (b) and (e) of this Law;
- c) No more than 60% of the Voluntary Pension Fund asset value can be invested in the instruments stated in Article 131 paragraph (1) (a), (c) and (d) of this Law.
- d) No more than 40% of the Voluntary Pension Fund asset value can be invested in the instruments stated in Article 131 paragraph (1) (j) and (h) of this Law. Within this limitation a maximum of 10% of the value of the assets of the voluntary pension fund may be invested in bonds issued by the local self-government units
- e) No more than 30% of the Voluntary Pension Fund asset value can be invested in the instruments stated in Article 131 paragraph (1) (f) of this Law.
- f) No more than 5% of the Voluntary Pension Fund asset value can be invested in the instruments stated in Article 131 paragraph (1) (i) of this Law.

Article 134

(1) The Voluntary Pension Fund assets may not be invested in the following instruments:

- a) Shares, bonds and other securities that are either unlisted or not publicly traded;
- b) Instruments that are legally prohibited;
- c) Commodities that are not frequently quoted on organized markets and have uncertain valuation, for example antiques, works of art, and motor vehicles;
- d) Real estate or any interest in real estate with the exception of mortgage backed securities and indirect investment through open-end and close-end investment funds;
- e) Shares, bonds and other securities issued by:
 - 1) Any shareholder of the Company;
 - 2) The Custodian of the Voluntary Pension Fund;
 - 3) Any person who is an affiliate entity and/or person in relation to the entities listed in sub-points (i) and (ii) of this point ;
- f) Futures, options, forward contracts and other derivatives;
- g) Other instruments specified by the Agency in which the investment would be contrary to the interests of the Pension Funds members.

Article 135

(1) In the case of breach of the provisions of this Law as a result of a market price changes, changes in the foreign currency exchange rate, changes in organizational or economic relations between entities in which the Voluntary Pension Fund assets are invested, and other circumstances beyond the

immediate control of the managing Voluntary Pension Company, the Company must forthwith report this to the Agency, and must cease further investment in that instrument and shall undertake measures to adjust its Voluntary Pension Fund's investment activities in accordance with this Law.

(2) As an exception to paragraph (1) of this Article, the Company shall not be under an obligation to correct immediately the excess of investment limits set out in this Law, if the individual excess does not exceed the limit by 20% and the sum of total excesses does not exceed 5% of the net asset value of the Voluntary Pension Fund.

(3) The Company is under an obligation to adjust the investment activities of the Voluntary Pension Fund it manages to the requirements specified in this Law within a period of 180 days after the date on which the breach occurred, or after the Valuation Date when it becomes clear that there is a breach of the provisions of this Law, whichever of the above occurs first.

(4) Upon the request of the Company, submitted no later than 30 days after the date when a breach occurred or was ascertained, the Agency has the right to extend the period from paragraph (3) of this Article but not for more than 540 days, if it is justified by the need to protect the interests of Members and Retired Members.

Article 136

A Company is prohibited from:

- a) Selling its Voluntary Pension Fund's assets to itself, to any Mandatory Pension Fund it manages, to the Custodian holding its assets, any foreign asset manager of the Voluntary Pension Fund, Sponsors of Occupation pension schemes that use the Voluntary Pension Fund and affiliate entities and/or persons in relation to any of the entities listed above, except through a transaction on organized secondary markets authorized by the Securities and Exchange commission of the Republic of Macedonia or relevant body abroad, where it does not know or suspect such entity to be the buyer;
- b) Buying assets from any of the entities listed in sub-paragraph (a) of this paragraph with the Voluntary Pension Fund's assets, except through an open market transaction on organized secondary markets, authorized by the Securities and Exchange commission of the Republic of Macedonia or relevant body abroad, where it does not know or suspect such entity to be the seller;
- c) Using its Voluntary Pension Fund assets to grant loans or to provide guarantees except of guaranties for debt listed in Article 141 paragraph (1) of this Law.

Article 137

(1) The Company, its shareholders, its Custodian, the assets managers, members of the Management Board and the Supervisory Board, and any person including Agency Employees, whose job or position give them the possibility to obtain information regarding the investment of the Voluntary

Pension Fund's assets or any plans for investment, and such information has not been released officially to the market, and is capable of affecting the price of the listed instruments, are obligated to keep such information confidential according to the classification for relevant degree of secrecy according to law.

(2) Persons and entities referred to in paragraph (1) of this Article can not make direct or indirect use of confidential information referred to in the paragraph (1) of this Article in order to obtain advantages for themselves or others, apart from the Voluntary Pension Fund, by buying or selling securities.

(3) A Company is obliged to compensate a Voluntary Pension Fund that it manages for any direct harm that the Voluntary Pension Company, any of its directors, responsible persons and other Employees or engaged persons cause as a consequence of a breach of the provisions of this Law and especially the provision of this Article and Article 130, 131, 132, 133, 134, 135, 136, 138, 139, 140, 141 and 142 of this Law.

Article 138

(1) A Company is responsible for managing of the Voluntary Pension Fund assets and may not delegate that management to others.

(2) As an exception to paragraph (1) of this Article, A Company may delegate the managing of the Voluntary Pension Fund assets abroad to an asset manager or asset managers abroad, which on the basis of the laws of the relevant country are authorised to manage securities.

(3) In the event referred to in paragraph (2) of this Article, the by-laws of a Company shall define the criteria and the manner for delegating the right to manage the foreign assets of the Voluntary Pension Fund.

(4) A Company is obligated to notify the Agency in case of a change of asset manager, but shall not require its approval.

(5) The Agency shall closely regulate the delegation of the right to manage the Voluntary Pension Fund's assets to an external asset manager.

Article 139

(1) Persons referred to in Article 137 paragraph (1) are obligated to notify the Agency about every transaction with securities concluded in their own name and their own account, on every 180 days or in shorter periods if requested so by the Agency.

(2) The Agency shall prescribe the content and manner of notifications from paragraph (1) of this Article.

Article 140

(1) Each Company governing a Voluntary Pension Fund shall maintain a written statement of investment strategy and shall review this at least every

three years.

(2) The investment strategy document should contain the grounds for analyses, which encompass the setting of the planned return for the voluntary pension fund for a period which is equal to the period in which one member, at an age which is considered to be average for such pension fund, shall be a member of such fund, having in mind the costs of life, and the provisions of Article 130 of this Law. The investment strategy document should state the mitigation of risks connected to the achieving of the planned return and the strategic investment of funds, the methods of measuring the investment risk, the risk management processes that shall be applied to achieve the planned return and how its achievement shall be monitored.

(3) At least once a year, the Company for each pension fund under its management shall prepare a document on the manner of application of the investment strategy for the next 12 months, including the strategic investment for each class of assets, the internal investment limits and the risk exposure.

(4) The Agency shall further prescribe the content of the statement of investment strategy.

Article 141

(1) A Company managing a Voluntary Pension Fund may borrow money on behalf of and for the account of the Voluntary Pension Fund it manages for the exclusive purpose of enhancing the liquidity of the Voluntary Pension Fund.

(2) The total amount of money borrowed cannot exceed a certain percentage of the Voluntary Pension Fund's asset value, as specified by the Agency, but not more than 5%.

Article 142

The Agency may issue additional investment restrictions in order to protect the interests of Pension Fund Members and Retired Members.

CHAPTER 14 PENSION BENEFITS

Article 143

(1) A Member of a Voluntary Pension Fund shall be entitled to Pension Benefit from Voluntary Fully Funded Pension Insurance no earlier than ten years prior to the age for entitlement to an old age pension pursuant to the Law on Pension and Disability Insurance.

(2) A Member must make an election pursuant to Article 144 paragraph (1) no later than 70 years of age. In case a Member does not make this election, Company shall inform him about the obligation for election.

(3) Before making an election for the manner of payment of pension benefit, the Company, at request of a Member, shall inform the Member about the amount standing to his Voluntary Individual Account and Occupational Account and the options available to him pursuant to Article 144 of this Law.

Article 144

(1) When a Member of a Voluntary Pension Fund is entitled to a Pension Benefit, the whole amount of accumulated assets standing to his/her account shall be used, at his/her discretion, for the following Pension Benefits:

(a) Payment to the Member of the full amount standing to his account, as a lump sum or in several instalments.

b) Purchasing an annuity payable for life from an insurance company authorized for such purpose or

c) Participation in a program for scheduled withdrawals provided by the Company with which the member signed an agreement for scheduled withdraws after retirement and

(d) A combination of the options specified in paragraphs (a), (b) and (c) of this Article.

(2) If the amount standing to the Member's account is less than an amount prescribed by Agency, the Member shall only have the option set out at paragraph 1 (a) of this Article.

Article 145

If a Fund Member and Retired Member dies the amount standing to his account shall be treated as part of his or her estate pursuant to the Law of inheritance.

Article 146

In the event of a Member of a Voluntary Pension Fund being assessed as generally incapable for work by the Commission for Assessment of Working Capacity in the Pension and Disability Insurance Fund of the Republic of Macedonia, he should regardless of age be entitled to elect one of the Retirements Benefit options outlined in Article 144 paragraph (1) of this Article.

Article 147

The provision of pension benefits is done in accordance with the Law on Payment of Pensions and Pension Benefits from the Fully Funded Pension Insurance.

CHAPTER 15 THE CUSTODIAN

Article 148

(1) A Voluntary Pension Company is obligated to appoint a single Custodian to whom it shall delegate the responsibility for keeping the assets of the Voluntary Pension Fund. A Joint Pension Company may appoint the same custodian for its Mandatory Pension Fund and for its Voluntary Pension Fund.

(2) In the event that the Voluntary Pension Fund has assets outside the Republic of Macedonia the Custodian shall appoint a Sub-Custodian in order to keep those assets, which shall be a bank or specialized depository institution holding a current working license issued by the authorized institutions in the country outside the Republic of Macedonia and is authorized for such activity pursuant to the law of the country where the Voluntary Pension Fund assets should be kept. The appointed sub-custodian must have an investment grade level rating granted by reputable international rating agencies. The Agency shall prescribe the criteria for the rating of the Sub-Custodian.

(3) All instruments representing Pension Fund Investments must be kept by the Custodian. All inflows and outflow of the Pension Fund cash assets shall be done from the Voluntary Pension Fund accounts opened and maintained at the custodian.

(4) The Custodian may perform asset keeping services for more Voluntary and Mandatory Pension Funds, but at the same time, is under an obligation to keep the assets, operations and record keeping of each Pension Fund's assets, strictly segregated from each other, from the other account holders and from its own assets, operations and record keeping.

Article 149

(1) The Custodian of domestic assets can be a bank holding a current banking licence issued by the National Bank of the Republic of Macedonia.

(2) In order to provide custodian functions for the Voluntary Pension Funds, the Custodian must fulfil the following terms and conditions:

a) To have minimum own assets of 9,000,000 Euros in MKD counter value at the exchange rate of the National Bank of the Republic of Macedonia, according to the definition for own assets in the Banking Law and authorization from the National Bank of the Republic of Macedonia for undertaking activities as custodian;

b) Neither to be shareholder in the Pension Company which manages the Voluntary Pension Fund whose assets it keeps, nor a shareholder in an asset

manager of such Voluntary Pension Fund nor a shareholder of an entity which is an affiliate entity and/or person to the Company, and must not maintain any other capital relationship between these entities;

c) Must not have any Employees or members of its Management Board or Supervisory Boards who are Employees of or members of the Management Board, Supervisory Boards or a General Manager and Manager of the Pension Company that manages the Voluntary Pension Fund whose assets it keeps nor of its asset manager and not to be in such relationships with other persons who are affiliate entities and/or persons of the Company or its asset manager.

(3) A bank which shall undertake activities as custodian must have separate organizational unit for undertaking such activities.

(4) The bank is obligated to forthwith notify the company and the Agency if it does not fulfil the conditions prescribed in paragraph (2) of this Law in the period acting as a custodian of voluntary pension fund and to start activities for harmonize with the provisions of paragraph (2) of this Article in period not longer than three months from the day when it stops to fulfil some of the conditions.

Article 150

(1) The Custodian of a Voluntary Pension Fund shall have the following functions:

(a) Keeping securely any securities which constitute Voluntary Pension Fund assets;

(b) The securities which constitute the assets of the Voluntary Pension Fund are kept as a dematerialized securities on a separate account in the Central securities depositary;

(c) Keeping settlement documents relating to the transfer of monetary funds to the bank account of the Voluntary Pension Fund and the transfer of monetary funds from the bank account of the Voluntary Pension Fund;

(d) Acting as settlement agent for transactions with securities under the Company's instructions and collecting payments of dividends, interest and all other incomes related to Voluntary Pension Fund investments;

(e) Ensuring that contracts related to the acquisition, investment, and disposal of Voluntary Pension Fund assets are in accordance with this Law and the by-law of the Voluntary Pension Fund and instructions resulting from transactions of the Company and that such instructions are according to the Law;

f) calculates the net assets and the accounting unit of the Voluntary Pension Fund, checks and verifies the calculations of the Company and it is responsible for the accuracy of the calculations;

g) verifies the compliance of the Voluntary Pension Fund's portfolio with the investment limits, as per this Law and other secondary regulation;

(j) Co-operation with and supervise the Sub-Custodian;

(i) Calculation and payment of taxes related to investments, and submission of requests for tax return or tax relief; and

(h) Notifies about annual shareholders meetings of the companies and about rights related to ownership, and executes orders related to acquiring the rights from ownership.

(2) Any fee to the Custodian shall be paid directly by the Company from its own assets.

Article 151

(1) The Custodian shall forthwith notify the Agency orally and then in writing if it becomes aware of or suspects any breach of a custody contract in which it is a contracting party, this Law or any action contrary to the interests of Voluntary Pension Fund Members.

(2) The obligation referred to in paragraph (1) of this Article shall apply both in respect of irregularities and actions committed by the Company and by any other entity.

(3) On each valuation date, the custodian notifies the Agency on the value of the net assets and of the accounting unit of the Voluntary Pension Fund.

(4) In case of inconsistencies between the calculations of the net assets and the accounting unit of the Voluntary Pension Fund committed by the Company and by the Custodian, the Company is obligated to comply with the calculations of the Custodian. The Custodian shall notify the Agency immediately on the resolution of such inconsistency.

(5) In case, during the check performed in accordance with Article 150 paragraph (1) count g) of this Law, the Custodian finds inconsistencies in the Voluntary Pension Fund's portfolio, it shall notify the Agency, immediately.

(6) The custodian submits an annual report on its operations to the Agency, not later than 31 of January, for the previous year.

(7) The Agency regulates the period, the form and the type of data to be included in the reports as per paragraphs (3), (4), (5) and (6) of this Article.

Article 152

(1) There must be a permanent contract between the Pension Company and the Custodian. This contract must set out the following:

(a) The specific functions, duties and obligations of the Custodian including its responsibilities for registration and settlement;

(b) The extent of liability for Sub-Custodian; and

(c) The fee of the Custodian

(2) An appointment of a Custodian and the contract referred to in paragraph (1) of this Article shall be made with the prior written consent of the Agency.

Article 153

(1) No contract can limit the Custodian's statutory responsibilities and any attempt to do so shall be null and void.

(2) The Custodian shall be liable for damages incurred as a result of the non- performance or incorrect performance of its responsibilities and such damages cannot be covered from the assets of the Voluntary Pension Fund.

(3) To the extent that a Custodian delegates any of its responsibilities in accordance with Article 148 (2) of this Law it cannot delegate the liability referred to in paragraph (2) of this Article.

(4) To the extent that a bank is a Custodian and it or its affiliate entities and/or persons are shareholders of the other Company it must take appropriate measures to ensure maintenance of confidentiality.

Article 154

(1) The period of notice of dissolution of a custody contract cannot be less than 180 days except in the circumstances specified in Article 155 of this Law. The contracting party giving the notice shall do this in writing and immediately inform the Agency of this notice as well as the reasons for dissolution of the contract.

(2) The appointment of any new Custodian shall be done only upon prior written consent by the Agency and, in order to obtain such approval, the relevant Company shall furnish the Agency with such information about the proposed Custodian as it may reasonably require.

Article 155

(1) In the event of taking away of a Custodian's authorization to undertake custodian activities by the National Bank of the Republic of Macedonia for non- performance or improper performance by a Custodian of the custodial contract, or in a case of bankruptcy or liquidation procedure of the Custodian:

(a) The relevant Company has obligation to forthwith serve notice to the Custodian to terminate the contract and immediately notify the Agency of the fact;

(b) The Company has obligation to forthwith attempt to appoint a new Custodian and to obtain consent in writing from the Agency for that purpose;

(c) If the Company fails to take the steps at sub-paragraphs (a) and (b) of this paragraph the Agency may order change of the Custodian with the decision or appoint a new Custodian.

(2) The Agency may also order the Company to change the Custodian if the financial or organizational structure of the Custodian has deteriorated substantially thus, posing a potential threat to the security of the assets kept in its custody as well as for failure to perform, or from inadequate performance of its obligations specified in the contract:

(a) The Company is obligated to notify immediately the Custodian that it cancels

the contract

(b) The Company is obligated to choose new Custodian and to get the approval from the Agency

(c) If the Company fails to perform according to item (a) and (b) of this paragraph, the Agency with a decision may issue an order to change the Custodian or to appoint a new Custodian.

(3) The National Bank of the Republic of Macedonia and any other competent authority has obligation to forthwith notify the Agency of any deterioration in the financial or organizational structure of a bank acting as a Custodian of which it is aware and which it considers could threaten the interests of Voluntary Pension Fund Members and Retired Members. The scope, content and form of the notification shall be mutually regulated by the Agency and the National Bank of the Republic of Macedonia and other competent institutions.

Article 156

(1) Each change of a Custodian shall be made in a manner which ensures continuous performance of custodial duties in respect of the Voluntary Pension Fund assets.

(2) Where a contract of custody is dissolved, the Custodian has obligation to release the Voluntary Pension Fund assets in its custody and all registration and documents relating to the performance of duties referred to in Article 150 of this Law to a new Custodian within a period agreed by the contracting parties, not exceeding 30 working days after the signing of a contract between the new Custodian and the Company.

Article 157

Voluntary Pension Fund assets deposited in accordance with the provisions of this Law cannot be subject to execution in the procedure against a Custodian, and shall not be a part of the assets of the Custodian to which the bankruptcy and liquidation procedure applies, and cannot be subject to any settlement proceedings

CHAPTER 16 TAXATION

Article 158

(1) An insurer shall be exempted from personal income tax in respect of contributions for its employees or members paid to the voluntary pension fund. The amount of exemption for one calendar year cannot exceed four gross average monthly salaries in the Republic, published for the previous year, per employ or member.

(2) A member of a voluntary pension fund who, from its own assets, makes contributions to the voluntary pension fund shall be granted Personal Income Tax refund calculated on the amount of contributions paid into the voluntary pension fund. The amount of exemption for one calendar year cannot exceed four gross average monthly salaries in the Republic, published for the previous year.

(3) A member of a voluntary pension fund, for the assets paid into the voluntary pension fund by other person, shall be granted Personal Income Tax refund calculated on the amount of contributions paid into the voluntary pension fund. The amount of return for one calendar year cannot exceed four gross average monthly salaries in the Republic, published for the previous year, by employ or member.

(4) The tax refunds for all Members referred to in paragraph (2) and (3) of this Article shall be made annually directly in the voluntary individual account of the member of the voluntary pension fund, by means of filing a Personal Income Tax Refund Application by the member or by the other person on behalf of the member.

(5) The Minister of Finance shall prescribe the manner of making the tax refund on the individual account of the voluntary pension fund member, and the form and contents of the Application referred to in paragraph (4) of this Article.

Article 159

(1) Income obtained from investment of Voluntary Pension Fund assets shall not be taxed.

(2) Income obtained from investment of Voluntary Pension Fund assets, distributed to the Voluntary and Occupational Accounts of the Voluntary Pension Fund Members shall not be taxed

Article 160

Services in the Voluntary Fully Funded Pension Insurance shall not be subject to the Value Added Tax Law.

CHAPTER 17 PENALTIES

a) CRIMES

Article 161

(1) An authorized person in a Company who by means of false presentations, covering up of facts, or by another illegal way influences a decision in the Company for illegal use or investment of the Voluntary Pension Fund assets, and as a result causes damage to the Voluntary Pension Fund assets, shall be punished with imprisonment from one to five years.

(2) If, as a result of the act referred to in paragraph (1) of this Article, damage to the fund assets of a large extent has been caused, the perpetrator will be

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punished with imprisonment from one to ten years.

Article 162

(1) An authorized person in a Custodian, who by failing to carry out or by irregular carrying out of its legal duties for safe keeping of securities constituting the assets of the Voluntary Pension Fund, and causes damage to those assets, will be punished with a fine or with imprisonment for a maximum of three years.

(2) The penalty referred to in paragraph (1) of this Article shall also be applied to an authorized person in the Custodian who shall permit realization of a contract for investment transactions of the Voluntary Pension Fund assets knowing that such contract is illegal and where such action causes damage to those assets;

(3) If, because of the act referred to in paragraph (1) of this Article, damage to the Voluntary Pension Fund assets of a large extent has been caused, the perpetrator will be punished with imprisonment from one to five years.

Article 163

An authorized person in a Company governing a Voluntary Pension Fund or another company that performs activities related to voluntary fully funded pension insurance, who by his actions or inactions shall violate, deprive, or limit the rights of a Voluntary Pension Fund Member pursuant to the Law, will be punished with a fine or imprisonment up to three years.

a) BREACHES

Article 164

Settlements and Commission for deciding upon breaches

(1) For the breaches stipulated in Article 165,166,167, 167-a, 168, 168-a, 169,170 and 171 of this Law the Commission for deciding upon breaches of the Agency for Supervision of Fully Funded Pension Insurance, established by the Law on Mandatory Fully Funded Pension Insurance, shall carry out the procedure and shall impose sanctions.

(2) The provisions of the Law on Mandatory Fully Funded Pension Insurance for settlements and the Commission for deciding upon breaches and shall be applied in procedures referring to breaches pursuant to this Law.

Article 164-a

Procedure for making a suggestion and for education

(1) If the authorized person, at the time of carrying out the control, establishes an irregularity stipulated in Article 34 paragraphs (3), (4), (5), Article 107 paragraph (4), Article 109 paragraph (8) and Article 116 of this Law, committed for the first time, he/she is obliged to prepare a minutes where the irregularity

shall be instituted and a suggestion shall be made to remove it within the term of 15 days from the day of making a suggestion. Simultaneously an invitation for education of the person or the subject where the irregularity was established shall be handed.

(2) The form and the content of the invitation for education, as well as the way of realization of the education shall be prescribed by the Agency.

(3) The education shall be organized and realized by the Agency within a deadline no longer than eight days from the day the control was carried out.

(4) The education may be realized for several established identical or generic irregularities for one or more subjects.

(5) If the person or the subject, subject to education, fails to appear at the education on the scheduled time it shall be considered that the education has been realized.

(6) If the person or the subject, subject to education appears at the scheduled education and completes the education, it shall be considered that the person has been educated in regard to the fortified irregularity.

(7) If the authorized person, at the time of carrying out the control, establishes that the irregularities stipulated in paragraph (1) of this Article have been removed he/she shall draw up a conclusion by which the control procedure is closed.

(8) If the authorized person, at the time of carrying out the control, establishes that the irregularities stipulated in paragraph (1) of this Article have not been removed he/she shall submit a request for instigating a misdemeanor procedure in front of Misdemeanor Commission.

(9) The Agency shall keep records of the realized education in a way prescribed by the Agency.

Article 165

(1) The Company governing a Voluntary Pension Fund or a Company governing a Mandatory Pension Fund shall be imposed a fine from 40.000 Euros in case of:

1. Establish more than one Voluntary Pension Fund, contrary to Article 12 paragraph (1) of this Law;
2. Does not pay the nominal assets in proper way according to Article 21 of this Law
3. Pays the nominal assets from sources which are not allowed by Article 22 of this Law;

4. fails to bring activity into line within a period of 180 days following a change of organizational relations in accordance with Article 24;
5. Not applying for a prior consent for acquiring or transfer of shares pursuant to Article 27 (1) of this Law;
- 5-a) does not meet its fiduciary duty as per Article 30-a paragraph (1) of this Law;
- 6) the assets on the account of the member or the retired member of a Voluntary Pension Fund are given as a guarantee, assignation or are transferred to third party beneficiaries contrary to Article 101 paragraph (3) of this Law;
7. Charges fees in a manner or of an amount not prescribed in Articles 117 and 118 of this Law;
8. Fails to ensure complete concurrence of the commissions, pursuant to Article 120 of this Law;
9. Reimburses expenses contrary to Article 121 of this Law;
10. Does not allocate contributions, transferred assets and the return on investments on individual accounts of the members or retired members of the Voluntary Pension Funds and does not keep records as per Article 122 of this Law;
11. Fails to convert contributions and transferred assets into accounting units according to Article 123 of this Law;
12. values Mandatory Pension Fund's assets contrary to the rules as per Article 124 of this Law and the acts of the Agency;
13. Fails to calculate net assets of the Voluntary Pension Fund and the value of the accounting unit at each date of valuation and does not change the value of a security according to Article 126 of this Law;
- 14 keeps the accounting books of the Company and the Voluntary Pension Fund contrary to the laws of the Republic of Macedonia and the international accounting standards and the form and contents of the financial reports stipulated by the Agency as per Article 129 of this Law;
- 15) Invests the assets of the Mandatory Pension Fund contrary to Articles 130, 131, 132, 133 and 134 of this Law and the acts stipulated by the Agency;
16. Buys, sells or uses the assets contrary to the limits stated in Article 136 of this Law;
17. Delegates the Voluntary Pension Fund assets management, contrary to paragraphs (1) and (2) of Article 138 of this Law;
18. Borrows money contrary to the goals and the limits specified in Article 141 of this Law;
19. Fails to appoint a Custodian to whom it commits the responsibility for keeping the Voluntary Pension Fund assets, or does not have permanently an agreement with the Custodian according to paragraph (1) and (2) of Article 148 and Article 152 of this Law;

20. The appointed Custodian does not fulfil the requirements specified in Article 149 of this Law;

21. Fails to fulfil the obligations required by Article 155 paragraph (1), count (a) and (b) and (2) of this Law;

22. Does not ensure permanent performance of the services relating to the keeping of the Voluntary Pension Fund assets, according to Article 156 paragraph (1) of this Law;

(2) If, any of the breaches referred to in paragraph (1) of this Article, result in a substantial unjustified enrichment or causes a loss to the Voluntary Pension Fund, the Voluntary Company or the Joint Company can be fined up to ten times the amount of paragraph (1) of this Article.

(3) The Voluntary Company shall be charged for a misdemeanor with a fine of 40.000 EURO in MKD equivalent if:

1) Carries out activities which are not envisaged in Article 16 paragraph (1) of this Law;

2) Does not increase the assets in accordance with Article 19 paragraphs (2), (4) and (5) of this Law;

3) Does not maintain, calculate and increase own assets calculated per the methodology stipulated by the Agency in accordance with Article 19 paragraphs (6) and (7) of this Law;

4) Fails to maintain the liquid assets in accordance with Article 19 paragraph (9) of this Law;

4-a) does not enter the Center as per Article 43 paragraph (5) of this Law.

5) Merges contrary to Articles 47, 48 and 51 of this Law;

6) Makes changes without obtaining approval by the Agency in accordance with Article 44 paragraph (1) of this Law;

7) Manages the mandatory pension fund without approval by the Agency prescribed in Article 67 paragraph (1) of this Law;

8) Submits an application for approval for license for performing the activity-management of mandatory pension fund and documentation with incorrect data contrary to Article 67 paragraph (2) of this Law.

(4) If, any of the breaches referred to in paragraph (1) of this Article, result in a substantial unjustified enrichment or causes a loss to the Voluntary Pension Fund, the Voluntary Pension Company can be fined up to ten times the amount of paragraph (1) of this Article.

(5) A fine in the amount from paragraph (1) of this Article shall be imposed only on a Joint Company in case of:

1) Carries out activities which are not envisaged in Article 16 paragraph (2) of this Law;

2) Does not increase the assets in accordance with Article 20 paragraphs (2),

(4) and (5) of this Law;

3) does not maintain, calculate or increase own assets calculated according to the Agency's methodology, as per Article 20 paragraph (6) and (7) of this Law;

4) Fails to maintain the liquid assets in accordance with Article 20 paragraph (9) of this Law;

5) Buys shares of another Joint Company or reorganize, contrary to Article 27 paragraph (5) of this Law;

5-a) does not enter the Center as per Article 59 paragraph (5) of this Law.

6) Makes changes without obtaining approval by the Agency in accordance with Article 60 paragraph (1) of this Law;

7) Makes changes without obtaining approval by the Agency in accordance with Article 66 of this Law;

8) Makes changes without obtaining approval by the Agency in accordance with Article 72 of this Law and

9) Merges contrary to Articles 78, 79 and 82 of this Law.

(6) If, any of the breaches referred to in paragraph (1) of this Article, result in a substantial unjustified enrichment or causes a loss to the Voluntary Pension Fund, the Joint Company can be fined up to ten times the amount of paragraph (1) of this Article.

(7) A fine in the amount from paragraph (1) of this Article shall be imposed only on a Mandatory Company in case of:

1. Manages a Voluntary Pension Fund without the Agency's approval according to Article 61 paragraph (1) of this Law; and

2. Requests a license to perform business activity – managing Voluntary Pension and the submitted documentation contain false data, contrary to Article 61 paragraph (2) of this Law.

(8) If, any of the breaches referred to in paragraph (1) of this Article, result in a substantial unjustified enrichment or causes a loss to the Voluntary Pension Fund, the Mandatory Company can be fined up to ten times the amount of paragraph (1) of this Article.

(9) A fine equivalent to 4,000 Euros in denar counter value shall be imposed for a breach referred to in paragraph (1) of this Article as well to the responsible person in the Voluntary Company or in the Joint Company, for the breach referred to in paragraph (3) of this Article to the responsible person in the Voluntary Company, for the breach referred to in paragraph (5) of this Article to the responsible person in the Joint Company, for the breach referred to in paragraph (7) of this Article to the responsible person in the Mandatory Company.

(10) A fine in the double amount from paragraph (9) of this Article shall be imposed to the responsible person referred to in paragraph (9) of this Article if the breach is committed with theft as a motive.

Article 166

(1) A Company or a Joint Company shall be sentenced with a fine in the amount of 20,000 Euro, payable in denar counter-value, in case the Company or the Joint Company:

1) does not adopt a Good Corporate Governance Code and works contrary to the provisions of Article 13 paragraph (3) of this Law;

2) does not establish efficient control mechanisms and procedures and does not appoint persons as requested with Article 30-b of this Law;

3) uses own assets for purposes prohibited with Article 32 of this Law;

4) does not meet the requests stipulated with Article 33 paragraphs (1), (2), (3), (4), (5) and (6) of this Law;

5) does not establish an internal audit organization unit as per Article 34 of this Law;

6) does not meet the obligations as per Article 34-a paragraphs (1), (2), (3) and (4) of this Law;

7) does not establish activities for risk management, does not appoint a responsible person for risk management and does not submit the report as per Article 34-b paragraphs (1), (2) and (5) of this Law;

8) does not appoint an authorized external auditor with good references and does not publish an excerpt of the audited financial report with the auditor's opinion as per Article 35 of this Law;

9) acts contrary to Article 35-a of this Law and

10) does not open a voluntary individual account and an occupational account as per Article 95 paragraph (1) of this Law;

11) does not transfer the assets from the existing to the future pension fund as per Article 97 paragraph (1) of this Law;

12) gives inaccurate or false information on the voluntary pension fund, the occupational scheme or the Company managing such fund, as per Article 107 paragraph (1) of this Law;

13) the premises of the Company and the premises of its marketing business associates do not meet the requirements as per Article 108 paragraph (1) of this Law;

14) applies marketing procedures prohibited with Article 112 of this Law;

15) does not meet the obligation for regularly informing the members and the retired members of the voluntary pension fund as per Article 114 of this Law;

16) does not submit to the Agency the information stipulated in Article 116 paragraph (1) of this Law and the acts prescribed by the Agency;

17) does not inform the Agency and all members and retired members on the changes in the fees, in a manner and within the deadlines stipulated with Article 119 of this Law;

18) does not set the return of the pension fund under its management as per Article 127 of this Law;

19) acts contrary to the limits foreseen with Article 135 of this Law;

20) does not have an investment strategy document with contents in accordance with Article 140 paragraphs (1) and (2) of this Law and the acts of the Agency;

21) does not notify the Agency on the contemplation to cancel the custody agreement as per Article 154 paragraph (1) of this Law и

22) does not act in accordance with the opinions and standings stipulated in the acts of the Agency.

(2) If, any of the breaches referred to in paragraph (1) of this Article, result in a substantial unjustified enrichment or causes a loss to the Voluntary Pension Fund, the Company can be fined up to five times the amount of paragraph (1) of this Article.

(3) The responsible person of the Company shall be charged for a misdemeanor with a fine of 2.000 EURO in MKD equivalent.

(4) A fine in the double amount from paragraph (3) of this Article shall be imposed to the responsible person of the Pension Company if the breach referred to in paragraph (1) is committed with theft as a motive.

Article 167

(1) A fine equivalent to 9,000 Euros in denar counter value may be imposed to the Voluntary Pension Company or to the Joint Pension Company in case of:

1. Refuses membership to a person that meets the requirements of Article 94 paragraph (1) of this Law;

2. Fails to provide the rights of the Pension fund Members who ceased to contribute before retirement according to Article 99 of this Law;

3. Gives statements and forecasts for the future investment results of the voluntary pension fund in accordance with Article 107 paragraph (2) of this Law;

3-a) does not sign an agreement for marketing of the Voluntary pension fund with a business associate, as per Article 108 paragraph (2) of this Law;

4) Signs agreements with a physical person without the presence of a sales agent, contrary to Article 109 paragraph (1) of this Law;

5. Fails to respect the requirements for publishing the information prospectus referred to in Article 113 paragraph (1), (2) and (3) of this Law;

6) does not submit an informative prospectus and the Statute to the members and the retired members of the Voluntary Pension Fund, does not allow those materials to be inspected by a person, as per Article 113 paragraph (4) of this Law and

7) submits data to the members and the retired members in a form contrary to Article 114 paragraph (6) of this Law.

(2) If, any of the breaches referred to in paragraph (1) of this Article, result in a substantial unjustified enrichment or causes a loss to the Voluntary Pension Fund, the Company can be fined up to five times the amount of paragraph (1) of this Article.

(3) The responsible person of the Company shall be charged for a misdemeanor with a fine of 1.500 EURO in MKD equivalent."

(4) A fine in the double amount from paragraph (3) of this Article shall be imposed to the responsible person of the Pension Company if the breach referred to in paragraph (1) is committed with theft as a motive.

Article 167-a

The Voluntary Pension Company and the Joint Pension Company shall be charged for a misdemeanor with a fine of 5.000 EURO in MKD equivalent if:

- 1) Fails to act according to the requirements prescribed in Article 28 paragraph (3) of this Law;
- 2) Does not prepare the annual working plan, the report of its operations and does not submit them to the Agency in accordance with Article 34 paragraphs (3), (4) and (5) of this Law.
- 3) if it fails to submit the Agency, a copy or an appropriate external medium of the published material for marketing within a deadline of three days after the publication;
- 4) Fails to submit information and data to the Agency or provide inaccurate information in accordance with Article 116 paragraphs (2), (3), (4), (5), (6), (7) (8) and (9) of this Law.
- 5) Fails to immediately notify the Agency for net assets value of the voluntary pension fund and the value of the accounting unit of the voluntary pension fund in accordance with Article 126 paragraphs (1) and (2) of this Law and

(2) The Voluntary Pension Company shall be charged for a misdemeanor with a fine of 5.000 EURO in MKD equivalent if it:

- 1) fails to act in accordance with Article 109 paragraph (8) of this Law.

Article 168

(1) A fine equivalent to 40,000 Euros in denar counter value shall be charged for a breach committed by the Custodian in case the Custodian:

- 1) Fails to remove the irregularities according to Article 53 paragraph (5) of the Law on Fully Funded Pension Insurance;
 - 1-a. Fails to keep the assets, operations and record keeping separately for each Voluntary Pension Fund, strictly segregated from the other clients and from its own assets, operations and record keeping according to Article 148 paragraph (4) of this Law;
2. Failing to comply with the requirements of Article 149 of this Law;
3. Failing to perform the functions specified in Article 150 of this Law;
4. Acts contrary to Article 151 of this Law;
5. Covers damages from the Voluntary Pension Fund assets, contrary to the Article 153 paragraph (2) of this Law;
6. Fails to ensure complete confidence of the data, according to Article 153 paragraph (4) of this Law;
7. Fails to notify the Agency of the intention to cancel the agreement with the Custodian according to Article 154 paragraph (1) of this Law;
8. Fails to fulfil the obligations specified in Article 156 paragraph (2) of this Law in case of dissolution of the custody agreement.

(2) If, any of the breaches referred to in paragraph (1) of this Article, result in a substantial unjustified enrichment or causes a loss to the Voluntary Pension Fund, the Custodian can be fined up to ten times the amount of the unjustified enrichment or loss.

(3) A fine equivalent to 4,000 Euros in denar in counter value may be imposed in respect of a breach referred to in paragraph (1) of this Article to an authorized person of the Custodian.

(4) If the breach referred to in paragraph (1) of this Article is committed with theft as a motive, the authorized person in the Custodian can be fined double the amount of fine specified in paragraph (3) of this Article.

Article 168-a

A physical person shall be fined with 4,000 euro, payable in denar counter-value, for a committed misdemeanor, in case such person is:

1) a members of the Management Board, the Supervisory Board or holds a managerial position in a Company and does not meet his/her fiduciary duty as per Article 30-a paragraph (1) of this Law;

2) an actuary and does not meet his/her obligations as per Article 34-a paragraphs (5), (6), (7) and (10) of this Law and

3) a person responsible for risk management does not provide an unbiased analysis of the risks and does not advise correctly the Management Board as per Article 34-b paragraph (3) of this Law.

Article 169

A fine equivalent to 2,000 Euros in denar counter value shall be shall be charged for a breach committed Company Sales Agent in case if:

1. Failing to comply with the obligations and limits of Article 109 paragraphs (2), (4) and (5) of this Law;

2. Makes contact contrary to Article 110 of this Law.

Article 170

A fine equivalent to 1.000 Euros in denar counter value will be charged for a breach committed by a person in case of (1) Fails to comply with the obligations and limits specified in Article 109 paragraphs (3) and (6) of this Law.

Article 171

(1) A fine equivalent to 5,000 Euros in denar counter value shall be charged for a breach committed by an entity that acts as a Program Sponsor in case of:

1. Failing to provide the information specified in Article 85 paragraph (3) and 88 paragraph (1) of this Law;

2. Acting as a Program Sponsor of more than one Occupational Pension

Scheme, contrary to Article 87 of this Law;

3. Does not cover Fees of Pension Fund's Members that participate in its Occupational pension scheme, according to Article 89 of this Law.

4. Makes the choice contrary to the Occupational pension scheme Members or introduces any mechanism to restrict vesting of pension benefits for Members that participate pursuant to its Occupational pension scheme, contrary to Article 90 of this Law.

(2) If, any of the breaches referred to in paragraph (1) of this Article, result in a substantial unjustified enrichment or causes a loss to the Voluntary Pension Fund, the Program Sponsor can be fined up to five times the amount of the unjustified enrichment or loss.

(3) A fine equivalent from 1,500 Euros in denar counter value may be imposed in respect of a breach referred to in paragraph (1) of this Article to an authorized person of the Program Sponsor.

(4) If the breach referred to in paragraph (1) of this Article is committed with theft as a motive, the authorized person with the Program Sponsor can be fined double the amount of the fine specified in paragraph (3) of this Article.

Article 172

(1) A fine equivalent from 20,000 Euros in denar counter value may be imposed in respect to a breach of an entity that applied for a licence to establish a Company and in the submitted documentation has stated false data contrary to Articles 30 and 55 paragraph (1) of this Law.

(2) A fine equivalent from 2,000 Euros in denar counter value may be imposed in respect of a breach referred to in paragraph (1) of this Article to an authorized person of the entity.

(3) The authorised Body for imposing the sanctions referred to in paragraphs (1) and (2) is the authorised court.

CHAPTER 18 TRANSITIONAL AND FINAL PROVISIONS

Article 173

A sales agent of a Mandatory Pension Company established before this Law comes into effect should pass additional exam for Voluntary Fully Funded Pension Insurance and should re-register in the Sales Agents Register, in case that Pension Company additionally establishes a Voluntary Pension Fund.

Article 174

(1) Requirements from Article 54 paragraph (1), 61 paragraph (2) and 64 paragraph (2) of this Law shall be submitted after the date specified by the

Agency, on which Government of the Republic of Macedonia gives consent.

(2) The Agency shall specify one date for all Pension Companies before which they can not undertake activities of marketing and public opinion research for the voluntary fully funded pension insurance.

Article 175

The secondary regulations stipulated by this Law shall be passed within 180 days from the date of coming into force of this Law.

Article 176

Abolished by the Constitutional Court of the Republic of Macedonia with the Decision published in the "Official Gazette no.118/2008)

Article 177

The provisions from Article 102, 103, 104 and 105 shall come into effect as of the date of the Republic of Macedonia's accession to the European Union.

Article 178

The Agency with may prescribe different investment restrictions to take effect from the date of the accession of the Republic of Macedonia to the European Union.

Article 179

(Article 66 "Official Gazette of the Republic of Macedonia" no. 124/2010)

The Agency shall register the existing voluntary pension funds in the Register of mandatory and voluntary pension funds and shall determine the identification number, within 15 days from the day of effectiveness of this Law.

Article 180

(Article 67 "Official Gazette of the Republic of Macedonia" no. 124/2010)

The existing Joint Pension Companies have obligation to harmonize with the provisions relating to Article 28 paragraphs (7) and (8) of the Law on Voluntary Fully Funded Pension Insurance ("Official Gazette of Republic of Macedonia" No 7/2008) within one year from the day of effectiveness of this Law.

Article 181

(Article 68 "Official Gazette of the Republic of Macedonia" no. 124/2010)

The provision relating to Article 95 paragraph (6) of the Law on Voluntary Fully Funded Pension Insurance ("Official Gazette of Republic of Macedonia" No

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7/2008) shall not apply to persons that have paid contributions on voluntary individual account until the day of effectiveness of this Law.

Article 182

(Article 69 “Official Gazette of the Republic of Macedonia” no. 124/2010)

(1) The amount of the insurer’s exemption from personal income tax in respect of contributions paid for its employees or members for 2009 and 2010 cannot exceed six net average monthly salaries in the Republic, published for the previous year, by employ or member.

(2) The amount of the member’s exemption from personal income tax in respect of contributions paid by himself on its voluntary individual account for 2009 and 2010 cannot exceed six net average monthly salaries in the Republic, published for the previous year.

(3) The amount of return of the member’s exemption from personal income tax in respect of contributions paid by person on its voluntary individual account for 2009 and 2010 cannot exceed six net average monthly salaries in the Republic, published for the previous year.

Article 183

(Article 70 “Official Gazette of the Republic of Macedonia” no. 124/2010)

The secondary regulation deriving from this Law shall be adopted within six months from the day of when this Law becomes legally effective.

Article 184

(Article 18 “Official Gazette of the Republic of Macedonia” no. 17/2011)

The payment of pensions and pension benefits, until the adoption of a Law which shall regulate the payment of pensions and pension benefits from the fully funded pension insurance, shall be done in a lump sum of total amount from the account of the member.

Article 185

(Article 19 “Official Gazette of the Republic of Macedonia” no. 17/2011)

The secondary regulation deriving from this Law shall be adopted within 15 days from the day of entry into force of this Law.

Article 186

(Article 20 “Official Gazette of the Republic of Macedonia” no. 17/2011)

The Legislative Commission of the Parliament of Republic of Macedonia shall be authorized to enact the consolidated text of the Law on Voluntary Fully Funded Pension Insurance.

Article 187

(Article 21 “Official Gazette of the Republic of Macedonia” no. 17/2011)

This Law shall become legally effective on the eighth day from the date of its publication in the “Official Gazette of the Republic of Macedonia.”

Article 188

(Article 75 from “Official Gazette of the Republic of Macedonia” No.13/2013)

The Company shall harmonize the investment activities of the Voluntary Pension Fund under its management with Article 56 paragraph (1) of this Law, which is amended with Article 130 of the Law on Voluntary Fully Funded Pension Insurance and, Article 57 of this Law which amends Article 131 paragraph (1) counts e) and f) Law on Voluntary Fully Funded Pension Insurance, not later than January 15, 2013.

Article 189

(Article 76 from “Official Gazette of the Republic of Macedonia” No. 13/2013)

The sales agents registered in the Register of Sales Agents before this Law entered into force should take an additional exam on the payout of pensions and pension benefits from the fully funded pension insurance and they should reregister in the Register, not later than March 1, 2014.

Article 190

(Article 77 from “Official Gazette of the Republic of Macedonia” No. 13/2013)

The secondary regulation stipulated with this Law shall be passed within one year from the day this Law enters into force.

Article 191

(Article 78 from “Official Gazette of the Republic of Macedonia” No. 13/2013)

The Committee on Legal Affairs with the Parliament of the Republic of Macedonia is hereby authorized to prepare a clean version of the Law on Voluntary Fully Funded Pension Insurance.

Article 192

(Article 79 from “Official Gazette of the Republic of Macedonia” No. 13/2013)

The provisions as per Article 65 of this Law, which adds a new count f) to Article 150 paragraph (1) after the count e) of the Law on Voluntary Fully Funded Pension Insurance („Official Gazette of the Republic of Macedonia” No. 7/08, 124/10 and 71/11), shall enter into force from January 1, 2014.

The provisions as per Article 66 paragraph (2) of this Law, which adds three new paragraphs (3), (4) and (6) to the Article 151 after the paragraph (3) of the Law on Voluntary Fully Funded Pension Insurance („Official Gazette of the Republic of Macedonia” No. 7/08, 124/10 and 71/11), shall enter into force from January 1, 2014.

Article 193

(Article 80 from “Official Gazette of the Republic of Macedonia” No. 13/2013)

This Law enters into force on the eighth day after its publishing in the “Official Gazette of the Republic of Macedonia”.