

PARLIAMENT OF THE REPUBLIC OF MACEDONIA

On the basis of Article 75 paragraphs 1 and 2 of the Constitution of the Republic of Macedonia, the President of the Republic of Macedonia and the President of the Parliament of the Republic of Macedonia issue a

ORDINANCE

**FOR PROCLAMATION OF THE LAW ON CHANGES AND ADDITIONS TO THE LAW ON
MANDATORY FULLY FUNDED PENSION INSURANCE**

We hereby proclaim the Law on Changes and Additions of Mandatory Fully Funded Pension Insurance Law enacted by the Parliament of the Republic of Macedonia, at the session held on 10th of April 2009.

No 07-1778/1
10 April 2009
Skopje

President of the Republic of Macedonia
Branko Crvenkovski, p.s.

President of the
Assembly of the Republic of Macedonia
Trajko Veljanovski, p.s.

**LAW ON CHANGES AND ADDITIONS TO THE LAW ON MANDATORY FULLY FUNDED
PENSION INSURANCE**

Article 1

In the Law on Mandatory Fully Funded Pension Insurance ("Official Gazette of the Republic of Macedonia" number 29/2002, 85/2003, 40/2004, 113/2005, 29/2007, 88/2008), in Article 3 item 5 sub-item a) the words: "may influence indirectly or directly" shall be replaced with the words: "may have indirect or direct control".

In the sub-item b) the words: "may influence indirectly or directly" shall be replaced with the words: "may have indirect or direct control".

In the sub-item d) the words: "or persons" shall be replaced with the words: "or legal entity".

A new item 5-a shall be added after item 5, to read:

"5-a) "control" within the meaning of item 5 of this Article shall mean, when a person:

a) directly or indirectly owns a major share in other legal entity, or

b) directly or indirectly owns a majority of voting rights in other legal entity, or

c) has the right to appoint and dismiss the majority of members of the management bodies of other legal entity, directly or indirectly, including the contract concluded with one or more shareholders of the other legal entity for renouncing or joining of their voting rights for the achievement of common interests or

d) has a right to make, directly or indirectly, a significant influence in the management and policy making and in financial and business decisions of other legal entity”.

Article 2

In Article 16 a new paragraph (7) shall be added after paragraph (6) to read:

“(7) The Agency shall closely prescribe the way of fusion and incorporation of companies for management of mandatory pension funds”.

Article 3

In Article 20 paragraph (1) item c) the words: “concluding contracts for” shall be replaced with the word: “taking”.

Article 4

In Article 22 a new paragraph (3) shall be added after paragraph (2) to read:

“(3) The Agency shall prescribe the content of the external auditing of pension companies in accordance with the international standards”.

Article 5

Article 39 h) shall change to read:

“(1) All changes of shareholders, members of Management and Supervision Board, persons in charge or changes and additions in documents and data stipulated in Article 39-c of this Law, are subject to previous approval by the Agency, excluding changes that are uncontrollable by the company, and it has undertaken all necessary measures to prevent those changes. For the changes occurred beyond the control of the company, it is obliged to report to the Agency.

(2) The Agency shall assess the changes stipulated in paragraph (1) of this Article in accordance with the provisions regarding fulfillment of conditions stipulated Article 39-d of this Law.

Article 6

In Article 39-l paragraph (1) the words: “and 143 paragraph (4)” shall be deleted.

Article 7

In Article 47 paragraph (1) item a) in the sixth row the words:” withdraws or abolishes” shall be added after the word: “issues” and the comma.

In item h) the words: “and Register of members” shall be added after the word: “agents”.

After item j) two new items k) and l) shall be added to read:

k) processes the personal data in accordance with the rules for data protection;

l) requires and gives out personal data for their utilization in accordance with the rules for data protection”;

The items k), l),m),n) and o) shall become items m), n), o), p) and q).

Article 8

In Article 53 paragraph (5) the word: “irregularities” shall be replaced with the word: “illegalities”, the word: “company” shall be replaced with the words: “pension company”.

Article 9

In Article 54 paragraph (2) second sentence shall be changed to read: “After the endorsement by the Government of the Republic of Macedonia the Report shall be submitted for information to the Assembly of the Republic of Macedonia”.

Article 10

In Article 56 paragraph (3) the word: “company” shall be replaced with the words: “pension company”.

Item e) shall be changed to read:

“e) fee for training and for organizing an exam”,

Article 11

In Article 75 paragraph (3) item c) after the word: “the companies” the words “and companies for management of mandatory and voluntary pension funds” shall be added.

Article 12

In Article 83 paragraph (3), Article 106 paragraphs (1) and (2) and Article 108 paragraph (1) item g) the words: “upon prior opinion by the Securities Exchange Commission of the Republic of Macedonia” shall be deleted.

Article 13

In Article 92 a new paragraph (3) shall be added to read:

“(3) Purchase of pension annuity and payment of accumulated amounts, according to paragraphs (1) and (2) of this Article, may be done after the age of 65”.

Article 14

In Article 94 paragraph (3) the words “in the form of brochure” shall be deleted.

Article 15

In Article 96 paragraph (1) and Article 98 paragraph (1) after the word: “the company” the words “and the company for management of mandatory and voluntary pension funds” shall be added.

Article 16

In Article 105 paragraph (1) items j), k) and l) the words: “Japan or USA” shall be replaced with the words: “members of OECD”.

In item m) the words: “Japan or USA” shall be replaced with the words: “member country of OECD”, whereas in the fourth line the word: “shares” shall be replaced with the words: “securities”.

Paragraph (4) shall be deleted.

Article 17

In Article 106 a new paragraph (3) shall be added to read:

“(3) The Agency shall prescribe the highest amount of investment in instruments from the same economic group registered in the Republic of Macedonia, in a member country of the European Union and in member countries of OECD”.

Paragraphs (3), (4), (5) and (6) shall become paragraphs (4), (5), (6) and (7).

Article 18

In Article 107 paragraph (1) item a) the number: “20%” shall be replaced with the number: “30%”, whereas the number: “10%” with the number: “20%”.

Article 19

In Article 108 a new item f) shall be added after item e) to read:

“f) bank deposits in banks which are shareholders of the company or the company for management of mandatory or voluntary pension funds”.

Items f) and g) become items g) and h).

Article 20

In Article 109 paragraph (1) a new sentence shall be added to read: “The company shall submit the Agency monthly reports regarding the measures undertaken for consolidation of investments activities.”

Paragraph (4) shall change to read:

“Upon request by the company or the company for management of mandatory and voluntary pension funds, submitted at least 60 days prior to the expiring deadline from paragraph (3) of

this Article, the Agency has a right to extend the deadline stipulated in paragraph (3) of this Article for a maximum of 6 months, if that extension is indispensable for the protection of interests of members of the mandatory pension fund”.

Article 21

A new Article 112-a shall be added after Article 112 to read:

“Article 112-a

(1) Every Company which manages with a mandatory and/or voluntary pension fund shall have a document for investment strategy and shall revise it at least every three years.

(2)The document for investment strategy shall contain in particular methods for measurement of the investment risk, processes for risk management and the strategic distribution of finances.

(3) The Agency shall closely prescribe the content of the investment strategy”.

Article 22

In Article 133 paragraph (3) item 9 the words: “Article 39-g shall be replaced with the words: “Article 39-h”.

Article 23

In Article 134 paragraph (1) item 15, the words: “invests assets from the mandatory pension fund” shall be replaced with the word: “act”

Article 24

Article 139-a shall be deleted.

Article 25

A custodian of the mandatory pension fund which is managed by the company or the company for management with mandatory and voluntary pension funds established before this Law becomes effective is the National Bank of the Republic of Macedonia.

Within 6 months from the effectiveness this Law the companies stipulated in paragraph 1 of this Article shall select a custodian of the mandatory pension fund in accordance with articles 115 and 116 of the Law on Mandatory Fully Funded Pension Insurance (Official Gazette of the Republic of Macedonia” no 29/2002, 85/2003, 40/2004, 113/2005, 29/2007 and 88/2008).

Until the selection of the custodian stipulated in paragraph 2 of this Article the company for management of mandatory pension funds and the company for management of mandatory and voluntary pension funds shall inform the Agency about the instruments in which it intends to invest the assets of the mandatory pension fund it manages.

The Agency shall continue to keep records of permitted financial instruments for investment of the assets of the mandatory pension funds until the transfer of the role of custodian from the National Bank of the Republic of Macedonia to a bank.

Article 26

Article 19 of this Law shall not apply to the bank deposits invested in banks until the day of effectiveness of this Law.

Article 27

Article 27 paragraph 2 of the Law on changes and additions to the Law on Mandatory Fully Funded Pension Insurance ("Official Gazette of the Republic of Macedonia", No. 88/2008) shall be deleted.

Article 28

The Legislative Commission of the Parliament of Republic of Macedonia shall be authorised to enact the consolidated text of the Law on Mandatory Fully Funded Pension Insurance.

Article 29

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."