

PARLIAMENT OF REPUBLIC OF MACEDONIA

On base of the Article 75 paragraphs 1 and 2 of the Constitution of Republic of Macedonia, the president of Republic of Macedonia and the president of the Parliament of the Republic of Macedonia issue the

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 8th of April 2010.

No 07-1581/1
08 April 2010
Skopje

The President of the Republic of Macedonia
Gorge Ivanov, p.s.

President of the
Parliament 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 and 48/2009), in Article 3 paragraph (1) the item 5) shall change to read:

"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, a minimum of 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; grand parents 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.”

The three new items 12), 13) and 14) shall be added after the item 11 to read:

“12) “Good reputation” is honesty, competence, diligence and holding attributes that give security that the person with the way of its working shall not influence to imperil the stability and security of the pension company and the managed fond, as well damage the authority and confidence;

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

a) in the last five years has not had any material interest or business relation with the company as business partner, as employed or member of the Management Board or Supervisory 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; and

14) “Marketing material” is entire material for advertisement, promotion or information, before its editing, distribution or publishing in the public Media, related to mandatory pension fund or the managing company.”

Article 2

In Article 4 the two new paragraphs (2) and (3) shall be added after paragraph (1) to read:

“(2) The company works according to the rules for good corporative management.

(3) The Agency shall prescribe the rules for good corporative management of the companies.”

Article 3

In Article 9 paragraph (1) the words: “The initial capital” shall be replaced with the words: “The nominal assets”.

In paragraph (4) the word: “the capital” shall be replaced with the words: “the nominal assets”.

Article 4

The Article 10 shall change to read:

“(1) The minimum nominal assets of the company shall be 1.5 million 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 mandatory pension fund managed by the company exceed 100 million Euros and on each subsequent occasion that the assets of the mandatory pension fund increase for a further 100 million 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	2,500,000 Euros
From 200,000,001 Euros to 300,000,000 Euros	3,500,000 Euros
From 300,000,001 Euros to 400,000,000 Euros	4,500,000 Euros
From 400,000,001 Euros to 500,000,000 Euros	5,500,000 Euros
From 500,000,001 Euros to 600,000,000 Euros	6,500,000 Euros
From 600,000,001 Euros to 700,000,000 Euros	7,500,000 Euros
From 700,000,001 Euros to 800,000,000 Euros	8,500,000 Euros
From 800,000,001 Euros to 900,000,000 Euros	9,500,000 Euros
Above 900,000,001 Euros	10,000,000 Euros

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

(4) The company is obligated to maintain the amount of assets at any time, but no less than ½ of the amount of nominal assets specified in paragraph (1) of this Article.

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

(6) The 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 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 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 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 5

In Articles 11 and 12 the words: “The initial capital” shall be replaced with the words: “The nominal assets”.

Article 6

The Article 13 shall change to read:

“(1) The company shall notify the Agency, without delay, of any reduction in its nominal assets, assets, own assets and liquid assets below the amounts specified in Article 10 of this Law.

(2) The Agency may abrogate the approval for managing a mandatory pension fund of the 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 7

In Article 14 the paragraph (2) shall change to read:

“Founders that hold 51% of the nominal assets of the company shall be banks, insurance companies, companies that manage mandatory 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 those institutions. If there is no founder or founders that shall hold 51% of the nominal assets of the company, all founders shall fulfill this condition.”

Article 8

In Articles 16 paragraph (4) the words: “share capital” shall be replaced with the words: “nominal assets”.

Paragraph (7) shall be deleted.

Article 9

The Article 17 shall change to read:

“(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 shall 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 of a company 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 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 pension 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 in detail prescribe the procedure and the manner of appointment of the Management board and the Supervisory board members.

(11) 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 and

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.”

Article 10

The Article 21-a shall change to read:

“(1) The company shall have the separate organizational unit for internal audit 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 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 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 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.

(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 send 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 send 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 11

In Article 39-b paragraph (1) in the second sentence after the word: “fund” the words:”and the request for registration of a mandatory pension fund in the Register of mandatory and voluntary pension funds” shall be added.

Article 12

In Article 39-c paragraph (1) the item f) shall change to read:

“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 15 of this Law are satisfied;”.

The item g) shall change to read:

“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;”

In item h) the words:“initial capital” shall be replaced with the words: “nominal assets”.

In item i) after the word:”experience” shall be added the words:”with recommendations”.

The item m) shall change to read:

“m) a informational prospectus of a mandatory pension fund and a investment strategy program of a mandatory pension fund and”.

In paragraph (2) the words:”In term of 30 days from the day of” shall be replaced with the word: “After”.

In paragraph (3) the item a) shall change to read:

“a) to ask for information from Office for Prevention of Money Laundering and Terrorist Financing or an appropriate institution in abroad and to address to the other relevant regulatory and supervisory bodies and institutions in Republic of Macedonia and abroad and”.

Article 13

In Article 39-d paragraph (1) item a) the words:“paid initial capital prescribed” shall be replaced with the words: “paid nominal assets prescribed”.

Article 14

In Article 39-g paragraph (1) the words:”certified copies of the corporate acts and the By-Law” shall be replaced with the words: “certified copy of the bylaw”.

The two new paragraphs (3) and (4) shall be added after paragraph (2) to read:

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

Article 15

In Article 39-h paragraph (1) the word : ”before” shall be deleted.

A new paragraph (3) shall be added after paragraph (2) to read:

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

Article 16

In Article 39-i a new paragraph (6) shall be added after paragraph (5) to read:

“(6) After the abrogation of the approval for management of a mandatory 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 17

The six new articles: 39-k, 39-l, 39-m, 39-n, 39-o and 39-p shall be added after Article 39-j to read:

“Article 39-k

A Company for management of mandatory pension funds may merge only with another Company for management of mandatory pension funds.

Article 39-l

(1) By merger of two companies pursuant to Article 39-k of this Law a new company shall be established.

(2) The new company shall be established on the basis of license given by the Agency, and after establishment shall be given by the Agency an approval to manage a mandatory pension fund.

(3) In order to get a licence to establish a new company for management of mandatory pension funds, companies for management of mandatory pension funds should jointly submit to the Agency a request together with the documentation listed in paragraph (5) of this Article and a business plan that shall contain details for all fees and commissions that shall be charged according to this Law. The application for an approval to manage a mandatory pension fund and the application for registration of mandatory pension fund in the Register of mandatory and voluntary pension funds shall be submitted together with the application for a licence to establish a company for management of mandatory pension funds.

(4) The requests from paragraph (3) of this Article shall be submitted signed by authorized signatories of the existing companies for management of mandatory pension funds who would become founders of the new company for management of mandatory pension funds. The form and the contain of the requests shall be prescribed by the Agency.

(5) Together with the requests from paragraph (3) of this Article, the companies for management of mandatory pension funds shall submit the following documents:

- a) a decision of the responsible bodies of each company 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 mandatory pension fund;
- e) information whether the shareholders are affiliated entities;
- f) documents presenting the financial situation of the shareholders of each company, for the period since their existence but no more than five years before the date of submitted 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 mandatory pension fund;
- h) draft bylaws of the new mandatory pension fund setting out the planed fees;

- i) a draft contract with the custodian for the new mandatory pension fund and details of how any existing arrangements shall be terminated;
- j) names of the proposed members of the Management Board and Supervisory Boards and in the event such people do not serve in the merging companies, the information specified in Article 39-c paragraph (1) item i) of this Article;
- k) details of personnel that shall be on the management positions and the other persons proposed to be responsible for investment decisions, internal audit, individual accounts, marketing and control of agents;
- l) a program for the investment strategy of the new mandatory pension fund and
- m) other documents prescribed by the Agency.

(6) The Agency shall grant a license for establishment of a new company for management of mandatory pension funds and approval to manage a mandatory 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 of a mandatory pension fund, the Agency shall register the mandatory pension fund in the Register for mandatory and voluntary pension funds and assigns an identification number.

(8) 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 for mandatory and voluntary pension funds.

(9) The new company for management of mandatory pension funds has legal inheritance to bought companies for management of mandatory pension funds that established it.

(10) The Agency shall closely prescribe the manner of merge of companies listed in Article 39-k of this Law and mandatory pension funds listed in Article 39-n of this Law.

Article 39-m

The Agency shall refuse to grant approval for merger to the companies for management of mandatory pension funds, if:

- a) the application and the appended documents do not fulfill the requirements prescribed in Articles 6, 7, 10, 11, 12, 14, 15, 17, 18, 21-a and 22 of this Law;
- b) documents appended to the application or other information indicate that either of the merging companies within five years before the date of submitting 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 activities of the applicants do not guarantee that the new company and the new mandatory pension fund shall be managed to the best interest of the mandatory pension fund members and

e) with the merger shall be violated the interests of the mandatory pension fund members or any other public interest.

Article 39-n

(1) The mandatory pension funds shall merge at the same time with the companies that manage the mandatory pension funds, and one mandatory pension funds shall be established.

(2) Following the merger of the mandatory pension funds according to paragraph (1) of this Article, the new mandatory pension fund shall undertake the rights and responsibilities of the mandatory pension funds that merged.

Article 39-o

Before the merger of the companies listed in Article 39-k of this Law, the companies shall notify in written all mandatory pension funds members about the decision for merging. After the merging the new company for managing of mandatory pension fund shall notify in writing all mandatory pension funds members about the name of the company, name of the new mandatory pension fund and provide a copy of its information prospectus, bylaw of the new company and bylaw of the new mandatory pension fund.

Article 39-p

(1) A company for management of mandatory pension funds may make acquisition to another company for management of mandatory pension funds only.

(2) By acquisition of a one to another company listed in paragraph (1) of this Article, the mandatory pension fund managed by the company that makes acquisition shall make acquisition to the mandatory pension fund managed by the another company.

(3) Before the acquisition of the mandatory pension funds, the company that is base for the acquisition shall notify in writing all mandatory fund members.

(4) Following the acquisition of one mandatory pension fund to another mandatory pension fund, the members and the individual accounts shall be transferred to the mandatory pension fund that is base in acquisition.

(5) The Agency shall closely prescribe the manner of acquisition of companies and the mandatory pension funds.

Article 18

In Article 40 paragraph (1) after the word: "contributions" shall be added a comma and the words: "decreased with the fees that are charged from the mandatory pension fund".

Article 19

In Article 45 paragraph (2) after the word: "fund" shall be added the words: "and on every change of it".

Article 20

In Article 46 paragraph (2) the full stop on the end of the sentence shall be deleted and the words: "and is registered in the Central Register of Republic of Macedonia" shall be added.

Article 21

In Article 47 paragraph (1) item h) shall change to read:

"h) keeps Register of sales agents, Register of the mandatory pension funds members and Register of mandatory and voluntary pension funds".

Article 22

In Article 49 paragraph (4) the words: "informative prospectus" shall be replaced with the words: "statistical report".

Article 23

In Article 50 paragraph (6) item c) shall change to read: "adopting the financial plan and the annual program for operation of the Agency and monitors their fulfillment".

Article 24

In Article 53 paragraph (6) item h) the word: "the irregularities" shall change with the word: "the illegalities" and the word: "irregularities" shall change with the word: "illegalities".

A new paragraph (8) shall be added after paragraph (7) to read:

"The misdemeanor procedure cannot be started and conduct if more than three years has passed from the day when breach has been made. Statute of limitation of the misdemeanor procedure started and conducted, in any case, shall cease after five years from the day when misdemeanor has been committed."

Article 25

In Article 56 paragraph (1) shall change to read:

"The Agency not later than 31 December of the current year sends on a consonance a financial plan for the next year to the Government of Republic of Macedonia and it published the same plan in the "Official Gazette of Republic of Macedonia". The Agency not later than 31st of June of the current year, shall send the Government and the Parliament of Republic of Macedonia the financial statement for the previous year audited by an external authorized audit according to the international accounting standards."

In paragraph (2) the word: "budget" shall change with the words: "financial plan".

In paragraph (3) item a) the words: "2.5% from the total paid contributions" shall be changed with the words: "0.8% from each paid contribution".

The paragraph (5) shall change to read:

"The Agency has its own account in a commercial bank in Republic of Macedonia."

In paragraph (6) the words:"State Audit Office" shall change with the words:"external authorized audit".

Article 26

The two new Articles 56-a and 56-b shall be added after the Article 56 to read:

"Article 56-a

If the Agency during the previous year ha realized surplus income above realized expenses, the realized surplus of assets shall be distributed in the reserve fund of the Agency in amount précised with the financial plan of the Agency.

Article 56-b

(1) If during the previous business year the Agency made more expenses than realized income, shortage of assets shall be compensated by the Agency reserve fund.

(2) The assets realized from the surplus income above expenses distributed in the Agency reserve fund are custody on the account in the commercial bank in Republic of Macedonia."

Article 27

Article 60 shall change to read:

"(1) The payment of contributions for pension and disability insurance is made pursuant to the Law on Contributions of Mandatory Social Insurance.

(2) Pension and Disability Insurance Fund of Macedonia allocates contributions of mandatory pension fund members to the chosen mandatory pension funds account, immediately, and no later than five business days after receipt of the same, provided that in the same term adequate data has been received by the Pension and Disability Insurance Fund of Macedonia to enable it to fulfill such obligation.

(3) The mandatory fully funded pension insurance assets realized by the untimely and incomplete payment of contribution are transferred to the member's mandatory pension funds individual account.

Article 28

In Article 61 paragraph (5) shall be added the new sentence to read: "This obligation shall cease after the expiration of 60 days from the signing the temporary membership contract."

Article 29

A new Article 64-a shall be added after the Article 64 to read:

“Article 64-a

The Agency can nullify the registration of the mandatory pension fund member in the members register if:

- a) the registration has been made on the base of incorrect data;
- b) by request of mandatory pension fund member that revoked its status based on Article 131 paragraph (2) of the Pension and Disability Insurance Law;
- c) on the base of a court decision and
- d) in other cases that are not in accordance with the law.”

Article 30

In Article 65 a new paragraph (4) shall be added after the paragraph (3) to read:

“Notwithstanding the paragraph (1) of this Article when a member or a temporary allocated contributor becomes entitled to a temporary disability pension pursuant to Art.139 of the Pension and Disability Insurance Law a payment of the temporary disability pension is made by Pension and Disability Insurance Fund of Macedonia, and the assets of members individual account remain in the mandatory pension fund until the member becomes entitled of a old-age, disability of family pension”.

Article 31

In Article 68 paragraph (1) the words: “paid in the Pension and Disability Insurance Fund of Macedonia” shall be replaced with the words: “for which the Pension and Disability Insurance Fund of Macedonia”.

Article 32

In Article 69 in the introduction sentence after the words: “needs of” is added the word: “mandatory”.

In paragraph b) the words: “the contribution payers for paying the contribution for pension and disability insurance” shall be replaced with the words:”Public Revenue Office”.

Article 33

Article 70 shall change to read:

“The Pension and Disability Insurance Fund of Macedonia shall prescribe the manner and the procedure for its functions determined in Article 69 of this Law, after previous consonance of Ministry of the Labour and Social Policy.”

Article 34

Article 71 shall change to read:

“The Pension and Disability Insurance Fund of Macedonia shall be obligated to make and maintain available computer software for allocation and transfer of the mandatory pension fund member’s contributions on the accounts of the chosen mandatory pension funds.”

Article 35

In Article 75 paragraph (4) shall change to read:

“In order to ensure that fair and objective information is provided to the public, the company that is managing the mandatory pension fund is obligated to ask the Agency for approval for all marketing materials and must not publish or broadcast unapproved marketing material. If the representative of the company gives an oral statement or a interview on which he was informed, the company is obligated to send the statement or interview on appropriate medium to the Agency, within three days after their publishing. The Agency shall issue guidelines for the contents of the advertisements and the other written promotional materials for mandatory pension funds and the companies that manage them.”

Article 36

In Article 76 the paragraph (1) shall be deleted.

Article 37

In Article 77 paragraph (6) item a) after the word: “Macedonia” the words:”or if he is foreigner to has regulated status of foreigner in Republic of Macedonia, according to the law” shall be added.

In item c) the conjunction: “and” shall be replaced with s semicolon.

In item d) the full stop shall be deleted and the conjunction: “and” shall be added.

A new item e) shall be added after item d) to read:

“not employed in: The Pension and Disability Insurance Fund of Macedonia, The Health Insurance Fund of Macedonia, the Employment Agency of Republic of Macedonia, the Public Revenue Office and the temporary employment agencies.”

In paragraph (7) the second sentence shall change to read: “The company and the company for management of mandatory and voluntary pension funds is obligated to submit an application on behalf of the agent for its 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 does not fulfils the conditions pursuant to paragraph (6) of this Article.”

Paragraph (8) shall change to read:

“The Agency shall accomplish a procedure for deleting, from the Register of agents for the agent who does not comply with the provisions of this Law and the Law on Voluntary Fully Funded Pension Insurance. The Director of the Agency issues the decision for deleting the agent against which the agent has a right to appeal to the Management Board of the Agency. The appeal shall not delay the enforcement of the decision.”

Article 38

In Article 78 the paragraph (2) shall change to read:

“In case a company that manage a mandatory pension fund through an employee, representative or sales agent or an affiliate entities and/or persons with that company, persuades a male over the age of 50 or a female over the age of 45 to join a mandatory pension fund, it must be able to proof that at the time of conclusion the membership contract, it could not have been reasonably foreseen that membership of that person in that mandatory pension fund is contrary to the best interests of that person.”

In paragraph (3) the words: “paragraphs (1) and (2)” shall be replaced with the words: “paragraph (1)”.

Article 39

In Article 89 paragraph (1) item b) the full stop on the end of the sentence shall be deleted and the conjunction: “or” shall be added.

A new item c) shall be added after item b) to read:

“combination of the options quoted in items a) and b) of this paragraph.

Article 40

Article 94 shall change to read:

“(1) Each company or company for management of mandatory and voluntary pension funds is obligated to publish an information prospectus for the mandatory pension fund it manages. The information prospectus shall contain full, true and accurate data for the mandatory pension fund and the company that manages the fund, that are needed for the potential member to make a decision for entering into membership in a mandatory pension fund, to include:

- 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 share in 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 mandatory pension fund and the company;

f) the basic investment principles for the period stipulated in paragraph (2) of this Article and any self imposed limits on investment other than those prescribed in this Law;

g) responsibility for the investment decisions;

h) the fees, commissions and all other expenses that are charged to members of the mandatory pension fund;

i) a manner of entering into membership and transfer;

j) a manner of reporting to the members;

k) right to pension;

l) portfolio of the mandatory pension fund;

m) the number of mandatory pension fund members;

n) the net value of the mandatory pension fund assets; and

o) other data regarding the operation of the company that may be prescribed by the Agency in order to provide transparency.

(2) The company or company for management of mandatory and voluntary pension funds is obligated to publish the information prospectus listed in paragraph (1) of this Article no later than 31st of March 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 in the whole territory of the Republic of Macedonia.

(3) Notwithstanding the paragraph (1) of this Article within 15 days from the registration of the mandatory pension fund in the Register of mandatory and voluntary pension funds, the company or company for management of mandatory and voluntary pension funds is obligated to publish the information prospectus including the data listed in paragraph (1) items a) b), c), d), e), f) g), h), i), j), k) and o) of this Article.

(4) The company or company for management of mandatory and voluntary pension funds is obligated to submit, to a mandatory fund member by his/her request, the information prospectus and the bylaw of the mandatory pension fund it manages and to made them available to the person who applies for membership in the mandatory pension fund managed by that company.

Article 41

In Article 95 paragraph (1) shall change to read:

“A company or a company for managing a mandatory and voluntary pension funds is obliged on regular basis, and at least once a year to provide each pension fund member with written information about the asset balance in his/her 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. This information, with prior written consent by the member, can be sent in electronic form instead of written form.”

Article 42

Article 96 shall change to read:

“(1) The company or company for management of mandatory and voluntary pension funds is obligated to submit the following information to the Agency:

a) quarterly unaudited and annual unaudited and audited financial reports for company or company for management of mandatory and voluntary pension funds;

b) quarterly unaudited basic financial reports and additional reports, and annual unaudited and audited basic financial reports and additional reports for the mandatory pension fund;

c) details of the acquisition and transfer of mandatory pension fund assets including the identity of the asset, the date and the cost of the transaction and the brokerage company;

d) data about expenses for the Agency, custodian, Pension and Disability Insurance Fund of Macedonia, transactions, marketing, agents and other expenses;

e) data for the shareholders of the company or company for management of mandatory and voluntary pension funds, including their names and addresses;

f) names of and remuneration paid to, the members of the Supervisory and Management Board and the employees in the company;

h) information about the submitted reports to the members referred to in Article 95 paragraphs (1) and (3) of this Law;

i) detailed data of the number of mandatory pension fund members, the number of members who have joined the mandatory pension fund during the year, the number of those who have transferred to other mandatory pension funds, the number of deceased members and the number of members who realized pension benefit;

j) reports from internal control and in internal audit and

k) other information prescribed by the Agency.

(2) The unaudited financial reports specified in paragraph (1) items a) and b) of this Article shall be submitted within one month after end of the period in respect of which such data shall be submitted and audited financial reports specified in paragraph (1) items a) and b) of this Article shall be submitted within three months after end of the period in respect of which such data shall be submitted.

(3) The data listed in paragraph (1) item c) of this Article shall be submitted for every valuation date, but not later than the following working day.

(4) The data listed in paragraph (1) items d) and i) of this Article shall be submitted once a month, but not later than fifth day in that month for the previous month.

(5) The data listed in paragraph (1) items e) and f) of this Article shall be submitted once a year, but not later than fifteen days from the end of the business year.

(6) The data listed in paragraph (1) item h) of this Article shall be submitted within one month from the end of the period concerning that data.

(7) The reports listed in paragraph (1) item j) of this Article shall be submitted for every quarter but not later than the fifth day of that month for the previous quarter.

(8) The Agency shall closely prescribe the type and period on which information shall be provided, the manner and the format in which they shall be presented and the procedure in which they shall be submitted.

Article 43

In Article 98 paragraph (1) item a) shall change to read:

“a) A fee on contribution expressed in percentage of each contribution paid in mandatory pension fund prior to conversion of assets into accounting units. The company shall determine the level of the fee, but not more than 4% from each contribution paid.”

In paragraph (3) item b) the conjunction:”or” shall be deleted.

The new two items d) and e) shall be added after the item c) to read:

“d) if the member does not have assets on his/her individual account or

e) in case of merging or acquisition of the company that shall transfer the assets from one to another mandatory pension fund, within 180 days after the merger or acquisition.”

Paragraphs (4), (5) and (6) shall be deleted.

Article 44

In Article 100 paragraph (2) after the word: “publish” the words: “on the web site of the company or a company for managing a mandatory and voluntary pension funds” shall be added.

Article 45

In Article 102 paragraph (4) the percentage “0.8%” shall be replaced with percentage “0.1%”.

Article 46

In Article 105 paragraph (1) item a) shall change to read:

“a) bank deposits in banks that are licensed by the National Bank of the Republic of Macedonia, provided that such deposits are interest bearing and mature within one year;

Item m) shall change to read:

“Participation units, shares and other securities issued by authorized investment funds established in the European Union or OECD member countries that are invested primarily in instruments listed on stock exchanges in those countries and”

In item n) the comma and the words: “with a prior opinion of the Securities and Exchange Commission” shall be deleted.

Article 47

Article 106 shall change to read:

(1) Mandatory pension fund assets can be invested in securities of the same issuer but no more than 10% of the face value of each security issued by that issuer, except of bonds and other securities issued or guaranteed by the Republic of Macedonia or country member of the EU or the OECD.

(2) No mote than 5% of the value of mandatory pension fund assets can be invested in instruments except in deposits and certificates of deposits of same subject that are 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 mandatory pension fund assets can be invested in instruments except of deposits and certificates of deposits of this interconnected entities.

(3)No more than 3% of the value of mandatory pension fund assets can be invested in deposits and certificate of deposits of any one bank which is licensed by the National Bank of the Republic of Macedonia, except in deposits and certificates of deposits of custodian of mandatory pension fund assets where no more than 2% of the value of mandatory pension fund assets may be invested. No more than 5% of the value of mandatory pension fund assets can be invested in deposits and certificates of deposits of interconnected bank.

(4) The Agency may prescribe investment limits in particular instruments different than the limits prescribed in Article 107 of this Law, which shall be valid for a period specified by the Agency, but not longer than five years. The limits cannot be abrogated, as whole or as part, without previous written notification to each company that manages mandatory pension fund, at least one year before the abrogation.

Article 48

In Article 107 paragraph (1) item a) the percentage “30%” shall be replaced with the percentage “50%” and the second sentence shall change to read: “Within this restriction, no more than 30% of the mandatory pension fund asset value may be invested in instruments stipulated in Article 105 paragraph (1) items k), l) and m) of this Law.”

In item c) the full stop and the comma on the end of the sentence shall be deleted and the words: “from which no more than 30% of the mandatory pension fund asset value may be invested in instruments stated in Article 105 paragraph (1) item a) of this Law.” shall be added.

Article 49

In Article 109 paragraph (4) the word: “six” shall be replaced with the word: “eighteen”

Article 50

In Article 110 item c) the full stop on the end of the sentence shall be deleted and the words: “except the guaranties for debit listed in Article 113 paragraph (1) of this Law” shall be added.

Article 51

In Article 115 paragraph (2) the number: “(1)” shall be replaced with number: “(2)”.

Article 52

In Article 116 paragraph (2) the item a) shall change to read:

“a) to have minimum own assets of 20,000,000 Euros in MKD equivalent at the average exchange rate of the National Bank of the Republic of Macedonia, according to the own assets definition in the Banking Law;”

The two new Articles (3) and (4) shall be added to read:

“(3) The bank is obligated to forthwith notify the company that manage with a mandatory pension fund and the Agency, if it does not fulfill the conditions prescribed in paragraph (2) of this Law in the period acting as a custodian of mandatory pension fund and to start activities for adjudicate with provisions of paragraph (2) of this Article in period not longer than three months from the day when it ceases to fulfill some condition.

(4) The bank acting as a custodian shall have special organizational unit for performing that activities.”

Article 53

In Article 130 paragraph (1) after the number "135" the number "135-a" shall be added.

Article 54

In Article 132 paragraph (1) after the number "135" the number "135-a" shall be added.

A new paragraph (7) shall be added after the paragraph (6) to read:

"(7) if there are no bases for performing the settlement procedure with invitation of the perpetrator, the authorised person for control shall send the perpetrator, by mail, payment order together with minutes of stated misdemeanour. The settlement procedure shall be deemed implemented and the authorised person for control may submit request for initiation of a misdemeanour procedure if the perpetrator:

- a) has received by mail the payment order but has failed to pay it within the deadline, and
- b) has returned the payment order with mark that he does not want to receive it."

The paragraph (7) shall become paragraph (8).

Article 55

In Article 133 paragraph (1) the words: "to 50,000" shall be deleted.

The item 2 shall change to read:

"2) Refuses to provide access to business books, documents and other records to the authorized person conducting an inspection on behalf of the Agency according to Article 53 (3) of this Law;

A new item 2-a shall be added after item 2 to read:

"2-a) Fails to remove the irregularities according to Article 53 paragraph (6) of this Law;"

Paragraph (11) shall be changed to read:

"11) Invests mandatory pension fund assets contrary to the instruments and investment limits stated in Articles 105, 106, 107 and 108 of this Law;

The paragraph (3) shall change to read:

"The company for management of mandatory pension funds shall be fined for a misdemeanor with a fine of 40.000 EURO in MKD equivalent if:

- 1) Carries out activities not stipulated in Article 7 paragraph (1) of this Law;
- 2) Does not increase the assets in accordance with Article 10 paragraphs (2), (4) and (5) of this Law;
- 3) Does not maintain and increase own assets by methodology prescribed by the Agency in accordance with Article 10 paragraphs (6) and (7) of this Law;
- 4) Does not maintain liquid assets in accordance with Article 10 paragraph (8) of this Law;

- 5) Does not pay the nominal assets in proper way prescribed with Article 11 of this Law;
- 6) The nominal assets come from sources which are not allowed by Article 12 of this Law;
- 7) Fails to harmonize within a period of six months according to Article 14 (5) of this Law;
- 8) Does not apply for a prior consent for transaction of shares pursuant to Article 16 (1) of this Article;
- 9) Buys shares of another company for management of mandatory pension funds or reorganize, contrary to Article 16 paragraphs (5) and (6) of this Law;
- 10) Makes changes without obtaining approval by the Agency in accordance with Article 39-h of this Law;
- 11) Merges contrary to Articles 39-k, 39-l and 39-o) of this Law;

In paragraph (5) the words: "to 5.000" shall be deleted.

Article 56

In Article 134 paragraph (1) the words: "to 30.000" shall be deleted.

In item 2 after the number: "21" the words: "paragraph (2)" shall be added.

The item 8 shall change to read:

"8) Fails to transfer the paid contributions from the account of the mandatory pension fund member into the Pension and Disability Insurance Fund of Macedonia, in accordance with Article 66-a of this Law;

In item 12 after the number: "96" the words: "paragraph (1)" shall be added.

In item 15 the words: "Articles 106 and 109" shall be replaced with the words: "Article 109".

In paragraph (3) the words: "to 30.000" shall be deleted.

A new item 1 shall be added before item 1 to read:

"1) fails to establish organisational unit according to Article 21-a paragraph (1) of this Law".

Item 1 shall become item 2.

In paragraph (5) the words: "to 3.000" shall be deleted.

Article 57

In Article 135 paragraph (1) the words: "to 10.000" shall be deleted.

The item 1 shall change to read:

"1) start with activities of management with mandatory pension fund, marketing and public opinion research contrary to conditions prescribed in Article 39-g paragraph (5) of this Law;"

The item 5) shall change to read:

"5) Gives wrong and incorrect information referring to the mandatory pension fund or for the company managing that fund or gives statements and forecasts for the future investment results of the mandatory pension fund or does not act according to the decision of the Agency in accordance with Article 75 paragraph (1), (2) and (5) of this Law;"

In item 7 the words: "(3) and (4)" shall be replaced with the words: "and (3)".

The item 8 shall change to read:

"8) Fails to provide the information prospectus and the bylaw to the mandatory pension fund member and does not give to everybody an information in accordance with Article 94 paragraphs (4) and (5) of this Law;"

In paragraph (3) the words: "to 2.000" shall be deleted.

Article 58

A new Article 135-a shall be added after Article 135 to read:

"Article 135-a

"The company for management of mandatory pension funds and company for management of mandatory and voluntary pension funds shall be charged for a misdemeanor with a fine of 5.000 EURO in MKD equivalent if:

- 1) Fails to submit for approval to the Agency or publish unapproved marketing material, does not submit it in prescribed deadline, does not send the declaration or interview in appropriate medium to the Agency in accordance with Article 75 paragraph (4) of this Law;
- 2) Fails to act in accordance with Article 77 paragraph (7) of this Law;
- 3) Fails to immediately notify the Agency for net assets value of the mandatory pension fund and the value of the accounting unit of the mandatory pension fund in accordance with Article 85 paragraphs (1) and (2) of this Law and
- 4) Fails to submit information and data to the Agency or provide inaccurate information in accordance with Article 96 of this Law.

(2) The company for management of mandatory pension funds shall be charged for a misdemeanor with a fine of 5.000 EURO in MKD equivalent if:

- 1) Not makes yearly working plan, the report for its working and do not submit them to the Agency in accordance with Article 21-a paragraphs (3), (4) and (5) of this Law.

Article 59

In Article 136 paragraph (1) the words: "to 50.000" shall be deleted.

A new item 1-a shall be added after item 1 to read:

"1-a) Fails to remove irregularities in accordance with Article 53 paragraph (6) of this Law."

In paragraph (3) the words: "to 5.000" shall be deleted.

Article 60

In Article 136-a paragraph (1) the words: “1.500 to” shall be deleted.

In item 1 the number: “(4)” shall be replaced with the number: “(3)”.

The item 2 shall be deleted.

Article 61

The Article 136-b shall change to read:

“The person shall be charged for a misdemeanor with a fine of 1.000 EURO in MKD equivalent if:

1) fails to acts according to the obligations and limits prescribed in Article 77 paragraphs (4) and (5) of this Law.”

Article 62

In Article 136-c paragraph (1) the words: “to 30.000” shall be deleted.

In item 1 the word: “pay” shall be changed with the word: “transfer”.

In paragraph (2) the words: “to 3.000” shall be deleted.

Article 63

In Article 136-d paragraph (1) the words: “to 3.000” shall be deleted.

Article 64

In Article 136-e paragraph (1) the words: “to 30.000” shall be deleted.

In paragraph (2) the words: “to 3.000” shall be deleted.

Article 65

The existing companies for management of mandatory and voluntary pension funds have an obligation to harmonize with the provisions of article 9 paragraphs (7) and (8) of this Law within one year from the day when this Law become effective.

Article 66

The Agency shall register the existing mandatory pension funds in the Register of mandatory and voluntary pension funds and shall determine the identification number, within 15 days from the day when this Law become effective.

Article 67

On the day of opening the account stipulated in Article 25 paragraph (4) of this Law, the assets of the Agency shall be transferred on the account opened in a commercial bank in Republic of Macedonia from the account in the Budget of Republic of Macedonia.

Article 68

If the company or a company for management of mandatory and voluntary pension funds fails to prove that during the conclusion of the membership contract with the person listed in Article 38 paragraph (1) of this Law couldn't make a prudent presumption that the membership of that person shall be against its interests, the person that concluded a membership contract before the effectiveness of this Law has a possibility, within year of its effectiveness, to submit a request to the Agency for nullifying his/her registration in the Register of members.

If the company or a company for management of mandatory and voluntary pension funds fails to prove that during the conclusion of the membership contract with the person listed in Article 38 paragraph (1) of this Law couldn't make a prudent presumption that the membership of that person shall be against its interests, the person that concluded a membership contract after the effectiveness of this Law has a possibility, within year of its effectiveness, to submit a request to the Agency for nullifying his/her registration in the Register of members.

Article 69

The level of the contribution fee listed in Article 43 paragraph (1) of this Law, that the company or the companies for management of mandatory and voluntary pension funds shall charge, for 2010 shall not exceed 5.5% from each contribution paid and for 2011 shall not exceed 4.5% from each contribution paid.

Article 70

The level of the contribution fee listed in Article 45 of this Law, that the Pension and Disability Insurance Fund shall charge for 2010 shall be maximum 0.2% per year.

Article 71

The provision prescribed in Article 46 of this Law for investment in bank deposits that have licence issued by National Bank of Republic of Macedonia, if are interest bearing and mature in no longer than one year, shall not apply to the deposits invested in banks until the day of effectiveness of this Law.

Article 72

The provisions prescribed in Article 47 paragraph (3) and Article 48 of this Law shall start to apply in one year from the day of effectiveness of this Law.

Notwithstanding paragraph (1) of this Article the provisions prescribed in Article 47 paragraph (3) of this Law, in duration of one year from the day of effectiveness of this Law, not more than

5% of mandatory pension fund assets may be invested in deposits and certificates of deposits of one bank that has licence from National bank of Republic of Macedonia, out of which not more than 7,5% of the mandatory pension fund assets may be invested in deposits and certificates of deposits of interconnected banks.

Article 73

The Articles 139-b, 139-c, 139-d, 139-e and 139-f shall be deleted.

Article 74

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 75

The secondary regulation deriving from this Law shall be adopted within six months from the day of when this Law becomes legally effective.

Article 76

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."