

## 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 VOLUNTARY FULLY FUNDED PENSION INSURANCE

We hereby proclaim the Law on Changes and Additions of Law on Voluntary Fully Funded Pension Insurance enacted by the Parliament of the Republic of Macedonia, at the session held on 15<sup>th</sup> of September 2010.

No 07-3791/1  
15 September 2010  
Skopje

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

President of the  
Parliament of the Republic of Macedonia e  
**Trajko Veljanovski**, p.s.

#### LAW ON CHANGES AND ADDITIONS TO THE LAW ON VOLUNTARY FULLY FUNDED PENSION INSURANCE

##### Article 1

In the Law on Voluntary Fully Funded Pension Insurance ("Official Gazette of the Republic of Macedonia" number 7/2008), in Article 4 paragraph (1) the item 12 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, 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; 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 21, 22 and 23 shall be added after the item 20 to read:

“21. “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;

22. “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

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

## Article 2

In Article 10 paragraph (2) the comma at the end of the sentence shall be deleted and shall be added the words:”and on every change of it”.

### Article 3

In Article 13 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 4

In Article 18 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 5

The Article 19 shall change to read:

“(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 company for management of voluntary pension funds 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:

<b><i>Voluntary pension fund assets</i></b>	<b><i>Company assets</i></b>
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

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 company for management of voluntary pension funds 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 for management of voluntary pension funds increased according to paragraph (2) of this Article, the company is obligated to maintain the increased amount of that the assets.

(6) The company for management of voluntary pension funds 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 for management of voluntary pension funds 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 for management of voluntary pension funds 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 for management of voluntary pension funds 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 6

The Article 20 shall change to read:

“(1) The minimum nominal assets of the company for management of mandatory and voluntary pension funds 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 company for management of mandatory and voluntary pension funds 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:

<b>Mandatory pension fund assets</b>	<b>Company assets</b>
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 900.000.000 Euros	9.800.000 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 company for management of mandatory and voluntary pension funds 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 company for management of mandatory and voluntary pension funds increased according to paragraph (2) of this Article, the company is obligated to maintain the increased amount of that the assets.

(6) The company for management of mandatory and voluntary pension funds 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 company for management of mandatory and voluntary pension funds 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 company for management of mandatory and voluntary pension funds 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 company for management of mandatory and voluntary pension funds 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 7

In Articles 21 and 22 the words: "The initial capital" shall be replaced with the words: "The nominal assets".

#### Article 8

The Article 23 shall change to read:

"(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 5 and 6 of this Law.

(2) The Agency may abrogate the approval for managing a voluntary pension fund of the company for management of voluntary pension funds, 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 company for management of mandatory and voluntary pension funds, 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 9

In Article 24 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 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.

#### Article 10

In Article 25 paragraph (1) the words: "initial capital" shall be replaced with the words: "nominal assets".

In item a) the words: "nominal assets" shall be replaced with the words: "assets".

In paragraphs (2) and (3) the words: "initial capital" shall be replaced with the words: "nominal assets".

A new paragraph (4) shall be added after paragraph (3) to read:

“(4) If there is no founder or founders that hold 51% of the nominal assets of the company for management of voluntary pension funds, all founders shall fulfill conditions prescribed in paragraph (1) of this Article.

Article 11

In Article 26 paragraph (1) item a) the word: “capital” shall be replaced with the word: “assets”.

Article 12

In Article 27 paragraph (4) the words: “the share capital” shall be replaced with the words: “the nominal assets”.

A new paragraph (5) shall be added after paragraph (4) to read:

“(5) If only two companies for management of mandatory and voluntary pension funds 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 13

The Article 28 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 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 stable 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 pension 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;

c) the member does not work according to the good corporate management rules, the submitted program for work, business policy of the pension 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 14

In Article 32 paragraph (1) item a) the words: "the own capital" shall be replaced with the word: "the assets".

The paragraph (4) shall change to read:

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



## Article 15

The Article 34 shall change to read:

“(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.

(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 31<sup>st</sup> 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 16

In Article 38 paragraph (1) in the second sentence after the word: "fund" the words:"and the request for registration of a voluntary pension fund in the Register of mandatory and voluntary pensions funds" shall be added.

## Article 17

In Article 39 paragraph (1) the item f) the words:"corporate acts and bylaws" shall be replaced with words: " bylaws or other corporate acts".

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 the voluntary pension fund and a investment strategy program of a voluntary pension fund and the money laundering and financing terrorism prevention program".

In paragraph (2) the words:"Within 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 for participation of the founders in the cases of money laundering or financing terrorism".

The items a) and b) shall become items b) and c).

## Article 18

In Article 43 paragraph (1) the words:"certified copies of the corporate acts and the Bylaw" 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 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."

## Article 19

In Article 44 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 gave the approval stipulated in paragraph (1) of this Law.”

#### Article 20

In Article 45 paragraph (1) in tenth row after the word: “law” shall be added the words: “and on the Prevention of Money Laundering and Other Incomes from Criminal Act and Terrorist Financing Law”.

In paragraph (2) the words:”and irregularities” shall be deleted.

A new paragraph (6) shall be added after paragraph (5) to read:

“(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 21

In Article 48 paragraph (3) in the second sentence after the word: “fund” the words:”and the request for registration of a voluntary pension fund in the Register of mandatory and voluntary pensions funds” shall be added.

The two new paragraphs (7) and (8) shall be added after paragraph (6) to read:

“(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.”

The paragraphs (7) and (8) shall become paragraphs (9) and (10).

#### Article 22

In Article 54 paragraph (3) in the second sentence after the word: “fund” the words: ”and the requests for registration of a mandatory and a voluntary pension fund in the Register of mandatory and voluntary pensions funds” shall be added.

#### Article 23

In Article 55 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 26 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 the pension funds and pension funds investment strategy programs and a money laundering and financing terrorism prevention program”.

In paragraph (2) the words:“Within 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 for participation of the founders in the cases of money laundering or financing terrorism”.

The items a) and b) shall become items b) and c).

#### Article 24

In Article 59 paragraph (1) the words:“certified copies of the corporate acts and the Bylaw” 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 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 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.”

The paragraph (3) shall become paragraph (5).

#### Article 25

In Article 60 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 for granting the approval listed in paragraph (1) of this Law.”

#### Article 26

In Article 61 paragraph (2) after the word: “funds” shall be added a comma and the words:“as well as registration of a voluntary pension fund in the Register of mandatory and voluntary pensions funds” and the word: “application” shall be replaced with the word:“applications”.

In the paragraph (3) the word: “the application” shall be replaced with the word: “the applications” and the words: “submit signed” shall be replaced with the words: “submit signed by all”.

“In paragraph (4) the words: “Within 30 days from the day of” shall be replaced with the word: “After”.

In paragraph (5) the item a) shall change to read:

“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”.

The items a) and b) shall become items b) and c).

#### Article 27

In Article 62 paragraph (1) item a) the words: “paid initial capital prescribed” shall be replaced with the words: “paid nominal assets prescribed”.

#### Article 28

In Article 65 paragraph (1) the words: “certified copies of the corporate acts and the Bylaw” 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 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.”

The paragraph (3) shall become paragraph (5).

#### Article 29

In Article 66 paragraph (1) the word: “before” shall be deleted and the second sentence shall be changed to read: “The company is obligated to report to the Agency the changes becomes out of a company control”.

The two new paragraphs (2) and (3) shall be added after paragraph (1) to read:

“(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 30

In Article 67 paragraph (2) in fourth row after the word: “funds” a comma and the words: “as well as registration of a mandatory pension fund in the Register of mandatory and voluntary pensions funds” shall be added, the word: “application” shall be replaced with the word: “applications” and the words: “and have rating recommended for investment according to international reputed credit rating agencies, at least for the period of one year before application as founders”.

In the paragraph (3) the word: “the application” shall be replaced with the word: “the applications” and the words: “submit signed” shall be replaced with the words: “submit signed by all”.

“In paragraph (4) the words: “Within 30 days from the day of” shall be replaced with the word: “After”.

In paragraph (5) the item a) shall change to read:

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

The items a) and b) shall become items b) and c).

### Article 31

In Article 68 paragraph (1) item a) the words: “paid initial capital prescribed” shall be replaced with the words: “paid nominal assets prescribed”.

### Article 32

In Article 71 paragraph (1) the words: “certified copies of the corporate acts and the Bylaw” 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 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 voluntary and voluntary pension funds.”

The paragraph (3) shall become paragraph (5).

### Article 33

In Article 72 paragraph (1) the word : “before” shall be deleted and the second sentence shall be changed to read: “The company is obligated to report to the Agency the changes becomes out of a company control”.

The two new paragraphs (2) and (3) shall be added after paragraph (1) to read:

“(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 34

In Article 76 paragraph (1) the words: “paragraph (7)” shall be replaced with the words: “paragraph (3)”, and after the words: “68 of this Law”, the words: “or from the Law on Mandatory Fully Funded Pension Insurance” shall be added.

In paragraph (2) the words: “and irregularities” shall be deleted.

A new paragraph (6) shall be added after paragraph (5) to read:

“(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 35

In Article 79 paragraph (3) in the second sentence after the word: “fund” the words: “and the requests for registration of a mandatory and a voluntary pension fund in the Register of mandatory and voluntary pension funds” shall be added.

The two new paragraphs (7) and (8) shall be added after paragraph (6) to read:

“(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 mandatory pension funds.”

The paragraphs (7) and (8) shall become paragraphs (9) and (10).

#### Article 36

In Article 84 paragraph (3) shall be deleted.

The paragraphs (4) and (5) shall become paragraphs (3) and (4).

In paragraph (4) item c) after the word: “salary” the words: “or as a fixed amount” shall be added.

#### Article 37

In Article 94 paragraph (4) second sentence shall be added to read: “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”.

#### Article 38

In Article 95 paragraph (6) shall change to read:

“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 professional account.”

#### Article 39

In Article 98 paragraph (1) the full stop on the end of the sentence shall be deleted and the words: “and financing terrorism” shall be added.

A new paragraph (2) shall be added after paragraph (1) to read:

“(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 40

In Article 107 paragraph (4) shall change to read:

“In order to ensure that fair and objective information is given to the public, the company that manages a voluntary 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 an interview for which he was not previously informed, the company is obligated to submit the statement or the interview on appropriate medium to the Agency, within three days after their publishing.”

A new paragraph (6) shall be added after paragraph (5) to read:

“(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 41

In Article 108 the paragraph (1) shall be deleted.

#### Article 42

In Article 109 paragraph (7) the words: “or the Law on Mandatory Fully Funded Pension Insurance” shall be deleted.

In paragraph (8) a new sentence shall be added to read: “The company for management of voluntary pension funds 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”.



## Article 43

Article 113 shall change to read:

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

- 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 of the voluntary pension fund;
- i) a manner of entering into membership and transfer;
- j) a manner of reporting to the members;
- k) right to pension benefit;
- l) portfolio of the voluntary pension fund;
- m) the number of voluntary pension fund 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 31<sup>st</sup> of March of each year with data on the 31<sup>st</sup> 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, to a voluntary fund member by his/her request, the information prospectus and the Bylaw of the voluntary pension fund it manages and to make them available to the person who applies for membership in the voluntary pension fund managed by that company.

#### Article 44

In Article 114 a new paragraph (7) shall be added after the paragraph (6) to read:

“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.”

#### Article 45

Article 116 shall change to read:

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

- a) quarterly unaudited and annual unaudited and audited company financial reports;
- b) quarterly unaudited basic financial reports and additional reports, and annual unaudited and audited basic financial reports and additional reports for the voluntary pension fund;
- c) details of the acquisition and transfer of voluntary 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, transactions, marketing, agents and other expenses;
- e) data about the shareholders of the company, 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 114 paragraphs (1) and (3) of this Law;

i) detailed data for the number of voluntary pension fund members, the number of members who have joined the voluntary pension fund during the year, the number of those who have transferred to other voluntary pension funds, the number of died 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 the 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 the 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 of 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 after 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 deadline on which information shall be provided, the manner and the format in which shall be presented and the procedure on which shall be submitted.

#### Article 46

In Article 117 paragraph (1) item c) the word: “the individual” shall be replaced with words: “voluntary individual and professional”.

The paragraph (2) shall change to read:

“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 professional 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.”

In paragraph (3) item c) after the word: “insurer” the words: “or because of excluding of the participant from the professional pension scheme” shall be added.

#### Article 47

In Article 118 paragraph (2) the words: “the fees listed in Article 117 paragraph (1) items a) and b) of this Law may be reduced” shall be replaced with words: “the fee listed in Article 117 paragraph (1) item a) of this Law may be reduced”.

#### Article 48

In Article 119 paragraph (1) the words: “and for every proposal for decreasing of fees listed in Article 117 paragraph (1) of this Law, at least of 30 days before their introduction” shall be deleted.

In paragraph (2) after the word: “publish” the words: “on the company’s web site” shall be added.

#### Article 49

In Article 124 paragraph (3) and Article 134 paragraph (1) item e) the words: “before prior opinion of the Security Commission of Republic of Macedonia” shall be deleted.

#### Article 50

In Article 131 paragraph (1) item n) the words: “securities” shall be replaced with the word: “instruments”.

In item o) the comma and the words “before prior opinion of the Security Commission of Republic of Macedonia” shall be deleted.

#### Article 51

The Article 132 shall change to read:

“(1) Voluntary 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 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.

(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 7.5% 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 ort, without previous written notification to each company that manages voluntary pension fund.”

#### Article 52

In Article 135 paragraph (4) the number: “180” shall be replaced with the number: “540”.

#### Article 53

In Article 136 item c) the full stop on the end of the sentence shall be deleted and the words: “except of guaranties for debt listed in Article 141 paragraph (1) of this Law” shall be added.

#### Article 54

In Article 149 a new paragraph (4) shall be added after the paragraph (3) to read:

“(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 55

In Article 158 shall change to read:

“(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 56

In Article 164 paragraph (1) after the number “167” the number “167-a” shall be added.

#### Article 57

In Article 165 paragraph (1) the words: “to 50.000” shall be deleted.

In item 2 the words: “pays the capital” shall be replaced with words: “pays the nominal assets”.

In item 3 the words: “the initial capital” shall be replaced with words: “the nominal assets”.

The item 15 shall change to read:

“Invests voluntary pension fund assets contrary to the instruments and investment limits stipulated in Articles 131, 132, 133 and 134 of this Law;

The paragraph (3) shall change to read:

“The company for management of voluntary pension funds 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) Fails to maintain and increase own assets by the methodology prescribed 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;
- 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.”

The paragraph (5) shall change to read:

- “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) Fails to maintain and increase own assets by methodology prescribed by the Agency in accordance with Article 20 paragraphs (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 company for management of mandatory and voluntary pension funds or reorganize, contrary to Article 27 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.  
In paragraph (9) the words:”to 5.000” shall be deleted.

#### Article 58

In Article 166 paragraph (1) the words: “to 30.000” shall be deleted.

In item 2 after the number: “33” the words: “paragraph (2)” shall be added.

The item 7 shall change to read:

”Gives wrong and incorrect information referring to the voluntary pension fund, for professional pension scheme or for the company managing that fund in accordance with Article 107 paragraph (1) of this Law;

In item 10 after the number: “116” shall be added the words:”paragraph (1)”.

The item 13 shall change to read:

“Acts contrary to the limits envisaged in Article 135 of this Law;”.

In paragraph (2) the words:”for management of pension funds” shall be deleted.

The paragraph (3) shall change to read:

“The responsible person of the company shall be charged for a misdemeanor with a fine of 2.000 EURO in MKD equivalent.”

In paragraph (4) the words: “for management of pension funds” shall be deleted.

## Article 59

In Article 167 paragraph (1) the words: “to 10.000” shall be deleted.

The item 3 shall change to read:

”gives statements and forecasts for the future investment results of the voluntary pension fund in accordance with Article 107 paragraph (2) of this Law;

In item 5) the words: “(3) and (4)” shall be replaced with words: “and (3)”.

The item 6 shall change to read:

”Fails to provide the information prospectus and the Bylaw to the voluntary pension fund member and fails to give an information to anybody in accordance with Article 113 paragraph (4) of this Law;”

In paragraph (2) the words: “for management of pension funds” shall be deleted.

The paragraph (3) shall change to read:

“The responsible person of the company shall be charged for a misdemeanor with a fine of 1.500 EURO in MKD equivalent.”

In paragraph (4) the words: “for management of pension funds” shall be deleted.

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

## Article 60

A new Article 167-a shall be added after Article 167 to read:

### “Article 167-a

“The company for management of voluntary pension funds and the company for management of voluntary and voluntary pension funds 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) Fails to submit for approval to the Agency or publishes unapproved marketing material, does not submit, does not send the statement or interview to the Agency, within the prescribed deadline in accordance with Article 107 paragraph (4) of this Law;
- 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) and (7) 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 company for management of voluntary pension funds 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 61

In Article 168 paragraph (1) the words: "to 50.000" shall be deleted.

A new item 1 shall be added in paragraph (1) to read:

"1) Fails to remove the irregularities according to Article 53 paragraph (6) of the Law on Fully Funded Pension Insurance;"

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

The item 1 becomes item 1-a.

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

#### Article 62

In Article 169 paragraph (1) the words: "1.500 to" shall be deleted.

#### Article 63

In Article 170 paragraph (1) the amount: "500" shall be replaced with the amount "1.000".

The item 1 shall be deleted.

#### Article 64

In Article 171 paragraph (1) the words: "to 7.000" shall be deleted.

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

#### Article 65

In Article 172 paragraph (1) the words: "to 30.000" shall be deleted.

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

#### Article 66

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 67

The existing companies for management of mandatory and voluntary pension funds 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 68

The provision relating to Article 95 paragraph (6) of the Law on Voluntary Fully Funded Pension Insurance (“Official Gazette of Republic of Macedonia” No 7/2008) shall not apply to persons that have paid contributions on voluntary individual account until the day of effectiveness of this Law.

#### Article 69

(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 70

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

#### Article 71

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.”