

Republic of Albania
Assembly

Law

No. 53/2014

“On Deposit Insurance”¹, amended²

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

the Assembly of the Republic of Albania

decided:

Chapter I: General Provision

Article 1

Object of the Law

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

Article 2

Area of Operation

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

¹ This law is harmonized partially with the Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (CELEX:32014L0049: Official Journal of the European Union. L 173/149).

² Amended by the Law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

Article 3: Definitions

In this law, the following terms have these meanings:

1. **“Deposit Insurance Agency”** is the subject created on the basis of this law (hereinafter ‘the Agency’)
2. **“By-law”** is the act of the Supervisory Authority, with regulatory and instructive effects for subject members of the deposit insurance scheme, issued on the proposal of the Board of Directors of the Agency.
3. **“Act of the Agency”** is the entirety of individual and collective acts of the Board of Directors or General Director of the Agency, for the functioning of the internal organization of the Agency to fulfill the public objectives of the scheme, on the basis of and pursuant to this law.
4. **“Supervisory Authority”** is the Bank of Albania.
5. **“Responsible supervisory authorities and deposit insurance institutions”** are the authorities of the member state of the European Union or foreign country, authorized according to relevant legislation to supervise the activity and/or deposit insurance of subjects with a similar nature to the subjects member of the deposit insurance scheme in the Republic of Albania.
6. **“Bank”** has the meaning set by law no. 9662, dated 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it. The bank and the branch of the foreign bank will be referred to as “bank” throughout this law.
7. **Abolished³.**
8. **“Deposit insurance certificate”** is an administrative act issued by the Agency, with which a legal person becomes a member of the deposit insurance scheme.
9. **“Branch of the bank”** has the meaning set by law no. 9662, dated 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it.
10. **“Branch of the foreign bank”** has the meaning set by law no. 9662, dated 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it.
11. **“Branch of the bank outside Albania”** is the constitutive unit of the bank outside the territory of the Republic of Albania, which carries out directly all or some of the bank's activity, the main directory of which is in the territory of the Republic of Albania.
12. **“Regional branch of SCA”** has the meaning set by law no. 8782, dated 3.5.2001 “On savings-credit associations”, and/or any law changing it.
13. **“Deposit”** has the meaning:
 - a) set by law no. 9662, dated 18.12.2006 “On banks in the Republic of Albania”, and/or any law changing it,
 - b) any sum of money, which the member, the depositor⁴ of the savings-credit association deposits in it, in accordance with law no. 8782, dated 3.5.2001 “On savings-credit associations”, and/or any law changing it.
14. **“Insurable Deposit”** is the aggregate value of all deposits of a depositor, including their interest calculated on the day of evaluation or intervention in a subject member of the scheme,

³ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

⁴ Amended by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

except for the exclusions under Article 32 of this law.

15. “Deposit insured in a bank or branch of it” is the part of the insurable deposit of a depositor, which is covered with insurance by the Agency.

16. “Deposit insured in a SCA” is the part of the insurable deposit of a depositor, which is covered with insurance by the Agency.

17. “Depositor” is any physical person, entrepreneur and company⁵, which is entitled to receive the payment of a deposit from a subject member of the deposit insurance scheme, including the titleholder with full rights of a deposit in co-ownership and any beneficiary of a deposit of a third party.

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

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

a) the participation of the Agency with transfer of funds in accordance with the provisions of the law “For the restructuring and the extraordinary intervention in the banks in the Republic of Albania”;⁶

b) the placement of the subject member of the deposit insurance scheme in mandatory liquidation. The insurance event is considered to occur on the date of entering into force of the decision of the Bank of Albania for the placement of the subject member of the scheme under mandatory liquidation or of the decision for the extraordinary intervention in the subject member of the deposit insurance scheme.⁷

20. Abolished⁸.

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

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

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

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

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

26. Abolished.⁹

⁵ Amended by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

⁶ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

⁷ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

⁸ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

27. **“Savings-credit association”** has the meaning set by law no. 8782, dated 3.5.2001 “On savings-credit associations”, and/or any law changing it. The savings-credit association will be referred to as ‘SCAs’ throughout this law.

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

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

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

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

32. **“Physical person”** has the meaning defined in the Civil Code of the Republic of Albania approved by the law no. 7850, dated 29.7.1994, amended.¹⁰

33. **“Entrepreneur”** has the meaning as defined in law no. 9901, dated 14.4.2008, “On Traders and Companies”, and/or any law changing it”.¹¹

34. **“Company”** has the meaning as defined in law no. 9901, dated 14.4.2008, “On Traders and Companies”, and/or any law changing it”.¹²

35. **“Extraordinary intervention”** is the process defined in the law “For the restructuring and the extraordinary intervention in banks in the Republic of Albania”¹³

Article 4

Basic principles of the scheme

Basic principles of the deposit insurance scheme are:

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

Article 5

Jurisdiction of the scheme

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

⁹ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

¹⁰ Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

¹¹ Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

¹² Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

¹³ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

Article 6

Institutional independence of the Agency

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

Article 7

Accountability

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

Article 8

Administration of the scheme

1. Participants of the scheme are:
 - a) the depositors, as beneficiaries of the scheme;
 - b) the banks and SCAs, licensed by the Supervisory Authority and accepted in the deposit insurance scheme by the Agency;
 - c) the Deposit Insurance Agency;
 - ç) the Bank of Albania;
 - d) the Ministry of Finance.
2. The Bank of Albania, as participant in the scheme, exercises the following functions:
 - a) supervises the activity of the Agency, particularly the administration of the financial means in case of insolvency and deficit of the Agency;
 - b) licenses, regulates and supervises the activity of banks, SCAs and SCAs' unions;
 - c) is the responsible authority for the extraordinary intervention¹⁴ and mandatory liquidation of subject members of the scheme, according to respective laws.
3. The Ministry of Finance, as participant in the scheme, proposes to the Council of Ministers the draft law for the funding of the financial resources and funds of the Agency from the funds of the State Budget, within 3 days from the request of the Agency in case of deficit's forecast.

¹⁴ The term "conservatorship" is replaced by the term "extraordinary intervention" as amended by the law no. 132/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance".

Article 9

Administration of moral hazard in the scheme

1. The Agency takes part in managing moral hazard through the cooperation with:
 - a) the members of the Financial Stability Advisory Group, created by law no. 9572, dated 3.7.2006, “For the Financial Supervisory Authority” and/or any law changing it;
 - b) the public and local authorities and institutions of the Republic of Albania;
 - c) the subject members of the scheme, the ABS and SCAs’ unions;
 - ç) the supervisory authorities and/or responsible deposit insurance institutions in member states of the European Union or foreign countries;
 - d) the public and private authorities of written and audio-visual media.
2. The Agency supports in relation to deposit insurance:
 - a) the initiatives for good governance and management of risk of the subjects members of the scheme;
 - b) the strengthening of the discipline of the sector supervised by the Supervisory Authority.
 - c) the compliance of the regulatory and supervisory framework by subjects members of the scheme.
3. Subject members and participating institutions in the deposit insurance scheme appoint contact persons of a managing level for the application of this law.

Article 10

The right for information

1. The Agency has the right to request data from subject members of the scheme and the Supervisory Authority for the performance of its activity and obligations.
2. The Supervisory Authority and subject members of the scheme shall give to the Agency the data requested by it.
3. The Agency shall fulfil the obligations on the protection of official and professional secrecy and client information.

Article 11

Cooperation of the Agency with the Supervisory Authority

1. The Agency and the Supervisory Authority shall cooperate to fulfil their legal objectives, in particular through:
 - a) the signing of the cooperation agreement, which includes, among others, the exchange of data and information between them;
 - b) the determination of the respective organisational or administrative functions of each of these institutions.
 - c) the coordination of their legislative and regulatory initiatives.
 - ç) the cooperation during the process of licensing and membership of a subject in the scheme.
 - d) the cooperation during the process of licensing and membership of a bridge bank in the

deposit insurance scheme.

dh) the evaluation of registered deposits in a subject member during the first 12 months of the activity of this subject.

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

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

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

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

6. The Supervisory Authority immediately notifies the Agency, in case it has data, to intervene in a subject and that this subject is likely to be placed in extraordinary intervention¹⁵ or mandatory liquidation.

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

8. In the procedures of extraordinary intervention¹⁶ and liquidation, the Agency, in particular, receives detailed information on deposits and depositors, which benefit from the deposit insurance scheme according to the provisions of this law.

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

10. In the supervision of subject members, before or during the process of extraordinary intervention¹⁷ or liquidation, the Supervisory Authority protects the interests of the Deposit Insurance Agency and gives to it the data that serve to the performance of its activity.

Article 12

Cooperation of the Agency with the Ministry of Finance

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

¹⁵ The term "conservatorship" is replaced by the term "extraordinary intervention" as amended by the law no. 132/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance".

¹⁶ The term "conservatorship" is replaced by the term "extraordinary intervention" as amended by the law no. 132/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance".

¹⁷ The term "conservatorship" is replaced by the term "extraordinary intervention" as amended by the law no. 132/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance".

Article 13

Cooperation of the Agency with the Albanian Banking Society

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

Article 14

Public Awareness

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

Article 15

Appeals

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

Article 16

Cooperation of the Agency with international institutions, supervisory authorities and deposit insurance institutions in charge

1. The Agency exchanges information on the basis of reciprocity and signs agreements of membership or cooperation with international institutions, supervisory authorities and deposit insurance institutions in charge of member states or in foreign states.
2. Cooperation includes two-side and multiple-side consultations associated with the exchange of information and expertise, which is valued case by case, by the institutions or authorities in charge, as compatible with deposit insurance and valid for common interests.
3. In the exchange of information, the Agency respects the legal and regulatory framework of the Republic of Albania on the protection of state secrecy, professional secrecy and client information.

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

Chapter II

Membership of subjects and their exclusion from the scheme

Article 17

Authority granting membership to the scheme

The Agency is the only authority responsible for the membership of subjects in the deposit insurance scheme.

Article 18

Language

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

Article 19

Stages of membership of subjects in the scheme

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

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

Article 20

Characteristics of the deposit insurance certificate

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

Article 21

Prohibitions in the exercise of the banking and financial activity

1. No subject, the name of which is connected to the word “bank”, “SCA”, and other words derived from them, which did not receive the verification of fulfillment of the legal and sub-legal requirements related to deposit insurance, is not licensed by the Supervisory Authority.
2. No subject of this law is allowed to exercise its activity in the Republic of Albania without the deposit insurance certificate. The right to initiate the exercise of the banking and financial activity

arises only after the subject is equipped with the deposit insurance certificate, according to the decision of the Board of Directors of the Agency.

3. No subject placed under extraordinary intervention¹⁸ or mandatory liquidation by the Supervisory Authority may file a request for acceptance in the deposit insurance scheme.

Article 22

The procedure of membership of subjects in the scheme

1. Subjects file at the Agency the request for membership in the scheme:
 - a) for banks, immediately after receipt of prior approval for a license by the Supervisory Authority;
 - b) for SCAs, simultaneously with filing the request for a license at the Supervisory Authority.
2. The Agency gives membership in the scheme to subjects, upon fulfillment of the conditions determined under point 1 of this Article, only if they:
 - a) fulfill the conditions set for the requested documentation;
 - b) fulfill the technical and organizational conditions for the creation and maintenance of the electronic register of deposit obligations of the subject;
 - c) pay the initial contribution.
3. The Agency performs checks for the fulfillment of conditions by the subject as well as may request additional information from the person that requests membership in the deposit insurance scheme.
4. The procedure, request, documentation and conditions for the acceptance in the deposit insurance scheme are regulated through a by-law of the Supervisory Authority.
5. The Supervisory Authority informs the Agency on the approval of the decision to license the subject within three days from taking this decision.
6. The Agency decides on the membership of a subject in the deposit insurance scheme and on the issuance of the certificate within three days from receipt of written notice from the Supervisory Authority in accordance with point 5 of this Article.

Article 23

Publication of the decision of membership in the deposit insurance scheme

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

Article 24

The register of subject members of the deposit insurance scheme

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

¹⁸ The term "conservatorship" is replaced by the term "extraordinary intervention" as amended by the law no. 132/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance".

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

Article 25

Obligations of the subjects

1. Subjects are obliged:

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

Article 26

Electronic register of the deposit obligations of the subject

1. Electronic register of deposit obligations of the subject member of the deposit insurance scheme is the IT system designed in such a manner so as to ensure the possibility of immediately obtaining any electronic data of depositors at any time, with the purpose of identifying them and determining with accuracy the sum that the subject owes to this depositor, which it insures at the Agency.

2. The Supervisory Authority, with the proposal of the Board of Directors of the Agency, approves through a by-law the information, principles, procedures and rules for the functioning of the electronic register of deposit obligations of the subject member of the scheme and reporting to the Agency.

3. The subjects that request membership in the deposit insurance scheme and those already members of it fulfill and apply the technical conditions for the creation of electronic systems, preservation and processing of data to the effect of calculating the insurance premium, compensation of deposits, as well as reporting to the Agency the information requested by the latter.

4. The Agency owns its electronic system, with the purpose of centralized treatment and distribution of information reported to it by subject members of the scheme, in function of the

exercise of the insurance and compensation of deposits.

5. The main function of the electronic register of the Agency is the identification of the depositor with a unique number in the system that is consistent with the personal data of the depositor¹⁹ and determines with accuracy the sum that the subject owes to this depositor, which it also insures at the Agency.

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

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

Article 27

Obligation to inform the public by subject members of the scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

¹⁹ Amended by the law no. 39/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance"".

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

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

Article 28

Changes in the activities of the subjects

1. If the subject members, during the performance of their activity, make changes, for which they shall notify the Supervisory Authority according to the laws in force, they shall simultaneously notify the Agency as well.

2. If the subject members, during the performance of their activity, make changes determined through a by-law of the Supervisory Authority, on the basis of the proposal of the Board of Directors of the Agency, they shall retake the verification for the fulfillment of legal and sub-legal requirements connected to deposit insurance. The Agency issues verification no later than 3 months from the date of the request.

3. The Agency reflects the change in the deposit insurance certificate within 2 days from the registration date of the respective decision for transformation in the commercial register at the National Registration Center.

Article 29

Commissions for certificate

1. The Agency has the right, through a decision of the Board of Directors, to determine the commissions that the subjects pay for the deposit insurance certificate.

2. The decision of the Board of Directors for the determination of these commissions is published in the Official Journal of the Republic of Albania.

Article 30

Exclusion from the scheme and revocation of the certificate

1. The Supervisory Authority notifies the Agency immediately, by the date of the decision, for:

- a) the revocation of the license of the subject member of the deposit insurance scheme;
- b) the decision for the extraordinary intervention²⁰ in the subject member of the deposit insurance scheme.

2. The exclusion of the subject from the deposit insurance scheme is made through a decision of the Board of Directors of the Agency within 24 hours from receipt of notice from the Supervisory Authority, according to point 1 of this Article.

3. The decision of the Agency for the exclusion of the subject from the deposit insurance scheme is published on the website of the Agency and the Official Journal of the Republic of Albania, as well

²⁰ The term "to intervene" is replaced by the term "for the extraordinary intervention" as amended by the law no. 132/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance".

as in one or more national newspapers.

4. The subject excluded from the deposit insurance scheme immediately submits to the Agency the deposit insurance certificate upon receipt of notification from the Agency on this.

Chapter III Deposit Insurance

Article 31 General conditions of deposit insurance

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

Article 32 Uninsurable deposits

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

- a) the part of the deposit in the bank or the branch of the foreign bank over ALL 2.500.000 (two million and five hundred thousand) or the equivalent sum in a foreign currency;

- b) the part of the deposit in the savings-credit association over ALL 2.000.000 (two million) or the equivalent sum in a foreign currency;
- c) the deposits of the bank, branch of the bank, branch of the foreign bank and of the savings-credit association in its title and behalf, and any financial institutions that are licensed by Bank of Albania and Financial Supervisory Authority;²¹
- ç) deposits held by senior managers, administrators in the bank and any individuals in their families, as evidenced by their family certificate;²²
- d) deposits of any person that holds 5 (five) percent or more of the equity of the subject member or shares with voting rights in this subject;
- dh) deposits derived from activities connected to money laundering and financing of terrorism, which are declared illegal through a final decision of a court of law;
- e) removed;²³
- ë) removed;²⁴
- f) deposits of national or foreign insurance and reinsurance companies;
- g) deposits of national or foreign subjects of collective enterprises or investments;
- gj) deposits of national or foreign pension or pension insurance funds;
- h) titles of debt issued from financial subjects and any other obligation that these subjects have based on their promise agreements;
- i) deposits of units of central or local government, as of any other public entity²⁵ of the Republic of Albania or of a foreign country;
- j) non-nominative deposits and/or the title of which is not clearly determined;
- k) deposits placed in the subject member of the deposit insurance scheme during and after the day of the insurance event in this subject;
- l) deposits of the members of leading bodies of SCAs, according to the determinations in the law on SCAs, except of the general assembly.
- ll) deposits of the legal persons, except those defined in article 3, point 17 of this law.²⁶

Article 33

Maximum level of coverage

1. The Agency insures and compensates insurable deposits for any depositor in any subject member of the deposit insurance scheme, as follows:
 - a) at the bank or the branch of the foreign bank at 100 per cent, but in any case not more than ALL 2.500.000 (two million and five hundred thousand), irrelevant of the number of deposits or their currency, deposited in this bank;
 - b) at the SCA at 100 per cent, but in any case not more than ALL 2.000.000 (two million), irrelevant of the number of deposits or their currency, deposited in this SCA.
2. The Agency assesses, every five years, the conformity of the maximum levels of coverage with

21 Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

22 Amended by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

23 Abolished by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

24 Abolished by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

25 Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

26 Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

the economic and social conditions of the Republic of Albania and international standards of deposit insurance, according to the criteria approved by its Board of Directors.

Article 34 **Initial contribution**

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

Article 35 **Payment of the Premium**

1. Insured deposits form the basis for the calculation of the insurance premium.
2. For subject members, the deposit insurance premium is calculated and paid on a quarterly basis.
3. For banks, the quarterly insurance premium is 0.125 percent of the arithmetic average of the sums of insured deposits that are registered in the bank on the last day of every month of the preceding quarter.
4. For SCAs, the quarterly insurance premium is 0.075 percent of the arithmetic average of the sums of insured deposits that are registered in the SCA on the last day of every month of the preceding quarter.
5. To the effect of calculating insurance premiums, the quarter starts on the first day of January, April, July and October.
6. The quarter premium is paid no later than on the 15th of the first month of the quarter for which it is paid.
7. At the same time of payment of the premium for every quarterly, every subject member of the scheme or union of SCAs presents to the Agency the declaration of premium calculation according to its requirements.
8. The payment of the premium is made in leke in the account of the Agency at the Supervisory Authority.
9. With a decision of the Board of Directors of the Agency, the quarterly premium payable by the subject members may be increased, decreased or paid prior to the deadline. The Agency notifies the Supervisory Authority of these decisions. If the sum of the premium paid before the legal deadline is greater than the sum of the premium payable for the subsequent period, then the difference shall be reimbursed to this subject.
10. The Agency may increase the quarterly premium payable by the subject members up to 0.175 percent of the arithmetic average of the sums of insured deposits that are registered in the subject

on the last day of every month of the preceding quarter.

11. The Agency may decrease the quarterly premium payable by banks members of the deposit insurance scheme up to 0.025 percent of the arithmetic average of the sums of insured deposits that are registered in the bank on the last day of every month of the preceding quarter, but only if the financial means of the Agency are no less than 5 percent of the average of these deposits.

12. The premium of the first year of activity for banks is valued with 0.5 percent of the arithmetic average of the sum of insured deposits held at the bank in every working day during this period. For the remaining period until the end of the calendar year, the quarterly premium is valued proportionately for this period, based on the by-law of the Supervisory Authority.

13. The premium of the first year of activity for SCAs is valued with 0.3 percent of the arithmetic average of the sum of insured deposits held at the SCA in every working day during this period. For the remaining period until the end of the calendar year, the quarterly premium is valued proportionately during this period, based on the by-law of the Supervisory Authority.

Article 36

Special contribution

1. With the proposal of the Board of Directors of the Agency and approval of the Supervisory Authority, the subject members pay a special contribution, which fulfills the following criteria:

a) the special contribution is paid by subject members and used in the event of forecast of the deficit or for purposes of reconstruction of the funds and financial means of the Agency, in case of compensation of the insured deposits or the participation of the Agency through the transfer of financial means in accordance to the provisions of the law “On the restructuring and the extraordinary intervention in banks in the Republic of Albania”²⁷, or for the repayment of loans of the Agency taken for this purpose.

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

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

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

²⁷ The term "...of the transfer of financial means in the sale of the bank or the incorporation of the bridge bank from the Agency..." is replaced by the term "...the participation of the Agency through the transfer of financial means in accordance to the provisions of the law “On the restructuring and the extraordinary intervention in banks in the Republic of Albania...” as amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

Article 37
Accounting of contributions and premiums

1. Initial contributions, premiums and special contributions are calculated as expenses of member subjects.
2. Initial contributions, premiums and special contributions are non-refundable.

Chapter IV
Compensation of deposits and participation of the Agency in the sale of the bank or incorporation of the bridge bank

Article 38
General conditions of deposit compensation

1. Compensation of the insured deposit is the monetary value, which is attributed to or paid to the depositor in the case of the insurance event in accordance with this law.²⁸
2. The maximum level of compensation for every depositor is calculated according to the determinations of Article 33 of this law, by deducting from it the sum of due obligations of the depositor to the subject member, that are due to be paid on the day of intervention by the Supervisory Authority.
3. The sum of compensation is paid up to the maximum level of coverage only if it exceeds the amount of ALL 100 (one hundred).
4. The day of intervention is the day of the calculation of insured deposits on an insurance event, in order to calculate the amount of compensation.
5. In the case of voluntary liquidation of the subject member of the deposit insurance scheme, deposits remain insured, in accordance with the provisions of this law, until the completion of this process. In any case, the Agency compensates deposits only after written notice by the Supervisory Authority for the insurance event.
6. Deposits in foreign currency are converted to leke, according to the official exchange rate determined by the Supervisory Authority on the day of the insurance event.
7. Term deposits are considered expired on the day of placement of the subject member in mandatory liquidation by the Supervisory Authority, except in the event of its transformation or or the participation of the Agency through the transfer of financial means in accordance to the provisions of the law “On the restructuring and the extraordinary intervention in banks in the Republic of Albania”²⁹.

²⁸ Removed “Participation of the Agency through the transfer of financial means in the sale of the bank or incorporation of the bridge bank is considered fulfillment of the obligation to compensate the insured deposits” as amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

²⁹ The term "...of the transfer of financial means in the sale of the bank or the incorporation of the bridge bank..." is replaced by the term "...the participation of the Agency through the transfer of financial means in accordance to the provisions of the law “On the restructuring and the extraordinary intervention in banks in the Republic of Albania...” as amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””

8. In the case of deposits placed as a guarantee for a third person or deposits seized by the subjects, which benefit this right by law, the rights of compensation of the deposit are assigned to the deposit holder if in the insurance event the deposit holder is freed from the guarantee obligation or from the obligation for which the deposit has been seized. If the holder does not act in way to be freed from the guarantee obligation or the obligation for which the deposit has been seized, the compensation sum is calculated for the benefit of the third person, in favor of the guarantee or seizure.
9. In the case of deposits placed for the benefit of a third person, the rights of compensation are assigned to the third person.
10. In the case of deposits placed on a condition or for a term for the benefit of a third person, the rights of compensation are assigned to the third person, if on the insurance event the respective condition and term are satisfied.
11. The liquidator evaluates and performs the compensation of deposits with the remaining value of the obligation of the depositor towards the subject. Collateral deposits frozen by the depositor for the subject member through an agreement, according to which this deposit would only serve to repay the obligation owed to the subject member, are not considered as insurable for purposes of compensation.
12. The Agency has the right to refuse compensation or request a refund of the compensation for insured deposits when the right to compensation is based on fraudulent and untrue data and when it notes it does not have an insurable interest. Insurable interest is the legal interest and the objective need of depositors to be protected from the financial loss of deposits on an insurance event.
13. Upon completion of the legal term of the compensation process, the remaining compensation fund for insured deposits composed of the sums of compensation that remain unpaid until completion of this term, is transferred by the Agency to a special account at the Supervisory Authority. In accordance with the provisions of this law, depositors may submit to the Agency within 10 years from the occurrence of the insurance event to claim the compensation sum.
14. Every depositor has the right to deposit a complaint at the Supervisory Authority. The decision of the Agency is executed without limit during the complaint period and any other appeal or legal process related to the appeal. The act of the Supervisory Authority is appealed according to law no. 9662, date 18.12.2006, "On banks in the Republic of Albania", and/or any law changing it.

Article 39

Deposit compensation procedure

1. The compensation procedures shall immediately commence when the Agency is notified in writing by the Supervisory Authority of the placement of the subject member of the deposit insurance scheme in mandatory liquidation. The compensation ends no later than three months from its date of initiation.
2. The Board of Directors of the Agency requests the Supervisory Authority to extend the term for performing the compensation, particularly in cases of inaccuracy of the accounting documents of the subject or in the functioning of its electronic systems.
3. The Supervisory Authority takes a decision in relation to this request within two days from its

receipt.

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

- a) payment of the sum in leke to the person in the facilities of the subject placed in liquidation in cooperation with the liquidator;
- b) payment of the sum in leke to the person in the facilities of a bank member of the scheme (agent bank).
- c) transfer of the sum that is gained by the depositor to a bank member of the deposit insurance scheme;
- ç) payment with a cheque;
- d) other payment methods approved by a by-law of the Supervisory Authority.

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

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

- a) the payment list of depositors, with data from the register of deposit obligations owed to depositors of the subject placed in liquidation, in the format of a list with names and amount of payment, approved with a by-law of the Supervisory Authority;³⁰
- b) data on the network of branches and agencies received from the bank placed in liquidation;
- c) any other information requested by the Agency for compensation purposes.

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

- a) the payment list of depositors;
- b) the determination of the right of claim and amount of compensation, according to the title of depositors in deposits in co-ownership, based on the conditions of opening of the deposit;
- c) the determination of the right of claim and amount of compensation according to the title of the deposits pledged as collateral, guarantee, under seizure, and those for the benefit of third parties, in conformity with the conditions of opening of the deposit and/or the obligation of the depositor toward the bank placed in liquidation, including the results of the mediation process with the depositors for the acts of inheritance or court decisions.
- ç) the exclusion from the payment list of deposits pledged as collateral, guarantee or under seizure.³¹

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

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

10. The Agency publishes the notice for the start of the compensation process, and the place and time when this process will take place, within 3 days after notification in writing by the Supervisory Authority for the placement of the subject under a mandatory liquidation.

30 Amended by the law no. 39/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance"".

31 Added by the law no. 39/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance"".

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

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

- a) the document for the opening of the deposit;
- b) the evidence of inheritance;
- c) any other document that proves the claim on deposit compensation.

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

14. By paying the deposit compensation, the agent bank or liquidator provides the depositor with a document of payment's execution, while a copy of this document is sent to the Agency.

15. If the depositor is not included in the payment list of depositors or has any complaint on the compensation sum set for payment, he submits the necessary documents that prove his claim. The Agency and the liquidator, within 10 calendar days from the receipt of these documents, handle the case whether the claim is considered based on facts, and the liquidator amends the payment list of depositors, according to the final decision of the Agency. The handling of depositor's complaints is made in accordance with the criteria and procedures approved by a by-law of the Supervisory Authority.

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

Article 40

Participation of the Agency with the transfer of financial means in the sale of the bank or incorporation of the bridge bank (abolished)³²

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

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

- a) the fulfillment of the difference, by the Agency, between the obligations and assets that are transferred, is made up to the sum of insured deposits, and
- b) this method is less costly than the execution of the process of deposit compensation, including all expenses connected with this process, as assessed by the Supervisory Authority after having received the opinion of the General Director of the Agency. In the event of

³² Abolished by the law no. 132/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance""

systemic risk, according to the assessment of the Supervisory Authority, this condition is not applicable to the transfer of financial means of the Agency.

Article 41

Priority of claims of the Agency in recovery

1. Upon the payment of compensation of the insured deposit, the Agency is ceded of all titles and rights of depositors up to the compensated sum.
2. Upon the liquidation of the subject, the claims of the Agency arising from the payment of insured deposits are ranked together with depositors, up to the maximum level of coverage, in accordance with this law, excluding the expenses of the Agency for preparing and executing of the compensation process, which are ranked in the same line with the liquidator and the Bank of Albania³³.
3. Acts or omissions in the execution of the right and titles are kept by the Agency in the name and for the account of the depositors or of the Agency itself up to the level of deposit compensation.
4. The cession of rights and titles of the depositors compensated to the Agency does not affect the rights of these depositors towards the subject member of the scheme, for deposits with the surplus amount of the credit balance that exceeds the compensation level paid by the Agency.
5. The Agency has the right to appeal the report of the liquidator to the Supervisory Authority, when it notes that the actions proposed by it during the liquidation of banks and SCAs' are contrary to its legal interests.
6. The claims of the Agency that arise from fulfilling of the difference between the obligations and assets transferred, are ranked together with the depositors up to the maximum level of coverage, in accordance with this law, excluding the expenses of the Agency for preparing and executing the process of financial means' transfer, which are ranked in line with the liquidator and the Bank of Albania³⁴.

Chapter V

Deposit Insurance Agency

Article 42

Legal form of the Deposit Insurance Agency

1. The Agency is a public legal person, with headquarters in Tirana.
2. The Agency administers in good faith its initial funds, which are contributed by the Budget of the Albanian State.
3. The Agency owns other financial means generated from the sources determined in this law.
4. The Agency is not liable for the obligations and responsibilities of the Republic of Albania.
5. The Agency has its own logo and stamp protected by the legal framework of the Republic of Albania.
6. The Agency is excluded from value added tax and income tax in relation to the service of deposit insurance and income from the insurance activity and administration of financial means.

33 Amended by the law no. 39/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance"".

34 Amended by the law no. 39/2016 "On some changes and amendments on the Law no. 53/2014 "On deposit insurance"".

7. Only for purposes of preparation and execution of the compensation process, as well as for the participation of the Agency through the transfer of financial means in accordance to the provisions of the law “On the restructuring and the extraordinary intervention in banks in the Republic of Albania³⁵, the Agency is excluded as subject of the provisions of the law for public procurement and of the by-laws in force for its application, including the performance of these functions, in accordance with the provisions of this law.

8. The funds of the Agency for Deposit Insurance, according to the legislation into force for the deposits insurance, may not be blocked, seized or burden under the obligatory execution of the obligations, except that for the legal usage they have been created³⁶.

9. The Agency is dissolved and liquidated by law.

Article 43

Functions of the Agency

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

- a) accepts in and excludes subjects from the scheme;
- b) keeps the register of the subjects members;
- c) verifies periodically the reported data from subjects members, in particular the accuracy and completeness of registration and setting off of the claims of depositors and subjects among them;
- ç) electronically processes data through the access of the Agency to accurate and complete data of depositors and deposits in subjects members;
- d) undertakes full and partial inspections in connection with the insurance and compensation of deposits in subjects members;
- dh) determines the content and method of informing depositors by subject members;
- e) conducts activities for the awareness and education of the public on the deposit insurance scheme;
- ë) decides on preventive measures to subjects members in cases of non-compliance with this law;
- f) proposes to the Supervisory Authority the approval of sanctions on subject members;
- g) performs simulations and testing of the process of deposit compensation, including subject members and outsourced subjects, with the aim of identifying their readiness for this process;
- gj) participates with the transfer of financial means in accordance to the law “On the restructuring and the extraordinary intervention in bank in the Republic of Albania”³⁷;
- h) compensates the deposits according to the provisions of this law;
- i) participates in the measures for managing risk of subjects, which may have detrimental consequences for depositors;

³⁵ The term "...also of participation of the Agency on the sale of the bank or the incorporation of the bridge bank..." is replaced by the term "...also of the participation of the Agency through the transfer of financial means in accordance to the provisions of the law “On the restructuring and the extraordinary intervention in banks in the Republic of Albania...” as amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

³⁶ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

³⁷ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””

- j) abolished³⁸;
 - k) participates in contingency plans for the prevention and management of systemic risks;
 - l) collects initial contributions, insurance premiums, extraordinary contributions and commissions for certificates;
 - ll) invests temporarily free monetary means of the Agency, according to the provisions of this law;
 - m) administers its funds and assets that serve to compensate insured deposits and for the target level of the deposit insurance fund;
 - m/1) manages the fund for the extraordinary intervention in accordance to the law “On the restructuring and the extraordinary intervention in bank in the Republic of Albania”³⁹
 - n) benefits financial means through taking loans, subsidies and grants;
 - nj) benefits of additional financings, in particular for the compensation of insured deposits or the participation of the Agency with the transfer of financial means in accordance to the law “On the restructuring and the extraordinary intervention in bank in the Republic of Albania”⁴⁰;
 - o) undertakes financial and predictive analysis, evaluates the level of exposure toward the risk of the subjects and makes the assessment of compensation;
 - v) gives technical consultancy connected with its activity;
 - w) undertakes any other function that is directly auxiliary to the above mentioned functions.
2. No other person, except the Agency, shall perform deposit insurance of the subject members of the scheme that perform their activities in the Republic of Albania.

Article 44

Powers of the Agency

1. In order to achieve its objectives and perform its functions, the Agency shall have the following powers:
- a) approves its budget;
 - b) approves its organizational structure;
 - c) issues acts in accordance with Article 3, point 3, of this law;
 - ç) creates contracts and agreements with public and private subjects;
 - d) possesses, enjoys, and purchases tangible and intangible assets that serve its activity;
 - dh) receives intellectual and technical services related to the activity of deposit insurance and compensation;
 - e) with a decision of the Board of Directors, creates pension funds for employees, makes similar agreements for the benefit or protection of its employees, in accordance with the legislation in force for voluntary pension funds, as well as contributes in equivalent costs of these agreements;
 - ë) with a decision of the Board of Directors creates policies that regulate financial relations of employees of the Agency with member subjects, aiming at avoiding conflict of interests, but without prejudice to their right to enter this agreement in accordance to market conditions.
2. The Agency may outsource to third parties for the performance of any activity with the purpose of fulfilling its functions in accordance with the legislation in force on public procurement. The

³⁸ Abolished by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””

³⁹ Added by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””

⁴⁰ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””

Supervisory Authority shall approve with a by-law the criteria, rules and procedures for such outsourcing, in accordance with paragraph 7 of Article 42 of this law.

Article 45

Organization of the Agency

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

Article 46

Preliminary requirements for suitability and capability

1. Any person that is or will be a member of the board of directors, general director and employee of the Agency must meet the requirements for suitability and capability in relation to the respective position.
2. The Supervisory Authority determines if a person is suitable and capable to hold the respective person as a member of the Board of Directors, General Director in the Agency on the basis of the following criteria:
 - a) integrity, honesty and devotion in the fulfillment of his functions;
 - b) competence, professional capability and sound judgment in the fulfillment of his functions;
 - c) independence in order not to threaten the interests of the Agency from conflict of interest that can be created during the performance of obligations.
3. Except for the above-mentioned provisions, the Authority appreciates the former behavior and activity of the person under question, in business or in financial matters and in particular reviews if there is data that shows that this person has been or is:
 - a) convicted for committing criminal offenses;
 - b) involved or connected with financial loss suffered from dishonest, irresponsible or negligent activity, related to the performance of financial services and administration of subjects or other institutions;
 - c) engaged in trade practices, including tax evasion, which the Authority judges as deceiving, threatening and inappropriate practices, irrelevant of whether they are lawful or not, or that in any manner reflect the lack of values of a person in the performance of financial services and other trade activities.
 - ç) actively engaged in political activity.
4. The requirements for suitability and capability determined in this Article must be met by the persons mentioned in paragraph (1) of this Article during the whole time of them being in duty.

Article 47

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

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

- a) must be citizen of the Republic of Albania;
 - b) must have a graduate or postgraduate diploma in economics or law and professional qualifications, necessary for the careful administration of the activity of the Agency;
 - c) must have not less than 7 years of professional experience in the area of banking and/or financial system and other public state institutions;
 - ç) must be a holder of a leading position for at least 3 years in financial institutions that operate in the internal or external financial market;
 - d) must not have been, in the last ten years, partner or member of a leading or controlling body, or administrator of a subject for which liquidation procedures have been initiated. The 10 year term starts from the date of decision by the court for the initiation of liquidation procedures;
 - dh) must not have been, in the last ten years, partner or member of a leading or controlling body, or administrator of a subject for which temporary administration procedures have been decided. The 10 year term starts from the date of notification of the act for the application of temporary administration procedures;
 - e) must not have had, in the last ten years, a leading or controlling positions in a trade subject or financial institution, whose right to perform its trade or financial activities inside or outside the country has been withdrawn;
 - ë) must not have contributed or helped in the creation of unauthorized trade activities of acceptance and collection of deposits;
 - f) must not have contributed or helped in the performance of unauthorized activities of the bank and financial mediation;
 - g) must not be a member of leading bodies of another subject, administrator, representative or employee of another subject of the banking and private financing sector, with or without reward;
 - gj) must not be a internal or external auditor of a subject in the banking and financial sector, with or without reward;
 - h) must not be refused by the Supervisory Authority in the last 12 months of his request to become member of the administrative council of a subject, the activity of which is under the supervision from the Supervisory Authority;
 - i) must not have been or be subject of procedures of declarations of insolvency towards third parties.
2. The criteria for the professional experience envisaged under letter (c) of paragraph (1) of this Article, is not less than 10 years for the General Director.
 3. The documentation is presented in Albanian language.
 4. The documentation is submitted to the Supervisory Authority in a closed envelope or sent through registered post.

Article 48

Board of Directors of the Agency

1. The Board of Directors of the Agency is composed of 5 (five) members including the General Director.
2. The General Director cannot be the chairman of the Board of Directors.
3. The members of the Board of Directors are named by the Supervisory Authority, proposed as follows:

- a) two members from the Supervisory Authority;
 - b) two members from the Ministry of Finance;
 - c) one member from the Professional Union of Accounting Experts.
4. Except the General Director, members of the Board of Directors are not employed by the Agency.
5. Members of the Board of Directors of the Agency are appointed for a term of 5 (five) years and may be re-elected based on the performance indicators of their activity. The dates of stay in duty of the members are spread over this five year period.
6. During the processing of the request, the Supervisory Authority may request the proposed candidate, according to point 3 and 5 of this Article, to deposit the administration and well-functioning program of the Agency.
7. The Supervisory Authority refuses candidates for members of the Board of Directors if:
- a) from the processing of the information and documentation that it possesses, it results that prior actions done by the candidate, may influence negatively in the activity of the Agency, particularly in relation to the management of risk of its activity;
 - b) from the processing of the program it finds that the administration of the Agency will not be done in accordance with the provisions of this law or the legislation in force;
 - c) it results that the candidate in the request, documentation or program of administration handed to the Authority, has presented false data;
 - ç) the candidate does not meet preliminary requirements for suitability and capability, envisaged in Article 46 of this law.
8. The period of validity of the approval defined in paragraph 5 of this Article ends in the following cases:
- a) when, within 6 months from the date of the decision for the appointment by the Supervisory Authority, the person has not started exercising the competences of the respective position in the Agency;
 - b) on the date of completion of the mandate of the member of the Board of Directors.

Article 49

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

1. The Agency does not change a member of the board of directors and the General Director without prior approval of the Supervisory Authority.
2. The Supervisory Authority approves the request of the Agency for changing a member of the Board of Directors and the General Director within 30 calendar days from receipt of the proposal. The decision for the proposal is taken by a qualified majority of votes of the members of the Board of Directors.
3. The Supervisory Authority requests additional information from the Agency within 14 calendar days from receipt of the proposal for change. The Supervisory Authority responds to request of the Agency within 30 calendar days from receipt of additional information, but in any case within 90 calendar days from receipt of the proposal to change a member of the Board of Directors.
4. The Agency notifies in writing the Supervisory Authority for any change of data on the basis of

which the Authority has evaluated and approved the member of the Board of Directors and the General Director. In this case the Supervisory Authority, if it judges necessary, re-evaluates the person in question in accordance with this law.

5. The Agency notifies in writing the Supervisory Authority of the completion of the mandate, duty or function of permanent members of the Board of Directors, as well as respective proposing institutions.

Article 50

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

1. Any member of the Board of Directors, including the General Director, shall be dismissed by the Supervisory Authority if:

- a) it is impossible for him/her to serve in the Board of Directors, according to Article 47 of this law;
- b) he/she is convicted by a final decision of a court for a criminal offence;
- c) he/she is declared insolvent or has been administrator in the last 10 (ten) years of a trading company which is declared insolvent;
- ç) he/she is prevented or suspended by a court to perform his duty as a civil servant or in the public service, or to perform his activity or workmanship;
- d) he/she is in marital or blood relationship, up to second degree, with other members of the Board of Directors of the Agency, or with a member of the Board of Directors or with a administrator or person who has more than five percent of shares with voting rights of the subject member of the deposit insurance scheme;
- dh) he/she has missed three or more consecutive meetings of the Board of Directors without a reasonable cause;
- e) he/she is in a physical or mental impossibility to cover the functions given;
- ë) he/she commits a material ethical breach and threatens the interests of the Agency;

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

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

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

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

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

Article 51

Meetings of the Board of Directors

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

2. The Board of Directors meets whenever requested to realize the activity of the Agency, but not less than once in two calendar months. The Board of Directors meets with the request of the Chairman, the General Director or the Supervisory Authority, as well as with the request of not less than two members of the Board of Directors.
3. Every member of the Board of Directors has the right to one vote. The meeting of the Board is held in the presence of more than half of its members.
4. Except for cases when it is otherwise envisaged in the Statute of the Agency, the decisions of the Board of Directors are approved by a simple majority of votes of its members that are present in the meeting. Only the members of the Board that are personally present have the right to vote; as an exception to this rule, the Statute of the Agency may allow that in the meetings of the Board of Directors the voting is done through other means of communication, as determined by-laws. In case of equal votes, the chairman of the meeting has the determinative vote.
5. The decisions of the Board of Directors are taken with an open vote, except the cases when the voting is made for persons and when the Board decides otherwise.
6. The meetings of the Board of Directors are registered. The register is signed by the Chairman and the Secretary of the Board of Directors. The secretary is not a member of the Board of Directors.
7. The Board of Directors may invite in its meetings representatives of subjects members of the scheme in order to give information and/or express their views for matters that are judged appropriate by the Board.

Article 52

Competences and responsibilities of the Board of Directors

1. The Board of Directors has the following competences and responsibilities:
 - a) guarantees compliance of the legislation in force by the Agency;
 - b) analyses the conformity of its activity with the objective determined in this law, at least once in five years, also based on the interaction of groups of interest;
 - c) administers the risk to which the Agency is exposed to during the exercise of its activity by taking necessary measures;
 - ç) creates the system of internal control for all areas of activity of the Agency, as well as its functioning;
 - d) reports and informs to the Supervisory Authority;
 - dh) approves the statute, internal regulation, strategic and annual plans of the activity of the Agency;
 - e) proposes the dismissal of the members of the Board of Directors and the General Director of the Agency;
 - ë) approves the standard managerial contract that the Agency signs with the General Director also the conditions and employment policy of the employees of the Agency;
 - f) supervises the activity of the General Director and examines his reports on the administration of the activity of the Agency;
 - g) approves the organizational structure of the Agency;
 - gj) approves the project budget of the Agency and notifies the Supervisory Authority of this;

- h) proposes for approval to the Supervisory Authority the level and structure of the wages and bonuses of employees of the Agency, of the General Director and the reward of the members of the Board of Directors;
- i) decides on administration policies of financial means of the Agency;
- j) approves criteria for selection and selects internal and external specialized audits of the Agency as well as processes their reports;
- k) supervises the statements of accounting, preparation of financial and statistical reports of the Agency, as well as other requested reports by the Supervisory Authority, as well as guarantees the authenticity and accuracy of these data in accordance with determined rules and methods;
- l) approves the annual balance, annual report and other financial reports of the Agency;
- ll) approves methods for the distribution of expenses related to the activity of the Agency;
- m) decides on the forecast of the deficit of the deposit insurance funds and requests the Ministry of Finance to present to the Council of Ministers the draft law for the fulfillment of the financial resources and funds of the Agency from the funds of the State Budget, no later than 3 days from the receipt of notice by the General Director, as well as notifies the Supervisory Authority of this;
- n) requests the appointment of financial means from the State Budget no later than 5 days from receipt of notice from the General Director of the Agency, notifying the Supervisory Authority of this.
- nj) approves loans, subsidies and donations taken by the Agency for performance of its activities;
- o) determines insurance premiums, contributions of membership and special contributions in accordance with this law;
- p) approves and revokes the issuance of the verification for the fulfillment of the legal and sub-legal requirements related to deposit insurance and approves the membership or exclusion of subjects from the scheme;
- q) approves preventive measures that the Agency exercises on subjects members, according to the provisions of this law and by-laws, and proposes to the Supervisory Authority sanctions to be taken on subjects members, according to the provisions of this law;
- r) decides on the compensation of insured deposits in accordance with the provisions of this law;
- rr) approves the decision to open representative points of the Agency for compensation purposes;
- s) proposes for approval to the Supervisory Authority the extension of the term for the execution of the compensation process;
- sh) decides for the creation of specialized committees;
- t) decides for the creation of financial means from the deposit compensation fund, in way to fulfill the obligations toward the insured depositors, in case of insurance event, and also decides for the claim of Agency on ceded dues from the the compensation of depositors;⁴¹

⁴¹ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

- th) approves the rules and procedures of outsourcing;
- u) approves the rules and procedures for the procurement of services and goods for the purposes of preparation and execution of the compensation process and the participation of the Agency with the transfer of financial means in accordance to the law “On the restructuring and the extraordinary intervention in bank in the Republic of Albania”⁴²

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

Article 53

Responsibilities of the General Director

1. The General Director of the Agency is appointed and dismissed by the Supervisory Authority with the proposal of the Board of Directors, for a mandate of 5 years with a re-election right not more than one, on the basis of performance indicators in the administration of the Agency. The Board of Directors approves the terms and conditions of his employment.
2. The General Director acts as the executive director of the Agency. The rights and duties of the General Director are regulated in the statute of the Agency.
3. The General Director answers to the Board of Directors for the performance of the decisions and of the duties of the Agency.
4. The General Director signs a managerial contract with the Agency. He enjoys all benefits of the legal framework of the Republic of Albania on social and health insurance at the Agency.
5. The General Director proposes to the Board of Directors:
 - a) the creation and composition of the strategic committee of the Agency;
 - b) the drafts of by-laws that are presented for approval to the Supervisory Authority;
 - c) the initiation of procedures at the respective authorities for legislative and regulatory initiatives of the deposit insurance scheme;
 - ç) the decision for the payment of compensation to depositors in accordance with the provisions of this law;
 - d) the decision for acceptance and exclusion from the scheme of subjects;
 - dh) the decision for proposal at the Supervisory Authority of sanctions;
 - e) approval of the decision for the deficit of the deposit insurance fund and the request directed to the Ministry of Finance to present to the Council of Ministers the draft law for the fulfillment of financial resources and funds of the Agency from the funds of the State Budget;
 - ë) the approval of the annual balance, annual report and other financial reports of the Agency;
 - f) the project budget of the Agency.
6. The General Director of the Agency exercises functions if they are not expressly envisaged as functions of the Board of Directors, and in particular has these competences:
 - a) acts in the name of the Agency and represents its interests without special authorization

⁴² The term "... of the participation of the Agency on the sale of the bank or the incorporation of the bridge bank..." is replaced by the term "...of the participation of the Agency through the transfer of financial means in accordance to the provisions of the law “On the restructuring and the extraordinary intervention in banks in the Republic of Albania...” as amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

in relations with the bodies of central and local government, public or private subjects, national and international organizations, subjects of supervision and deposit insurance in charge;

b) leads the administration of the Agency and organizes the fulfillment of decisions of the Board of Directors;

c) appoints employees of the Agency;

ç) allocates duties and functions among consultants and employees of the Agency;

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

a) expiry of the mandate as member of the Board of Directors;

b) if the circumstances envisaged in Article 50 paragraph 1 of this law are met.

Article 54

Conflict of interest and transactions with connected parties

1. Members of the Board of Directors, the General Director and employees of the Agency must avoid, as much as possible, their private interest, which creates conflict of interest with the Agency. If they have such private interests that influence their judgment for certain transactions or matters that create conflict of interest, they have to make a declaration to their respective superior, particularly in the cases envisaged by the laws of the Republic of Albania.

2. Whenever matters related to these interests are discussed in the Board of Directors, the member that is related to the matter declares his interests at the beginning of the discussion and does not participate in the discussion and the decision for this matter. The presence of this member is calculated to the effect of quorum in the meeting.

3. Private interests are determined in accordance with the legislation in force for the prevention of conflict of interest in the exercise of public functions.

4. Relations and business transactions with connected and third parties, in which the member of the Board of Directors, the General Director and employees of the Agency have an interest, are done in accordance with normal conditions of the market, where there is no unfair favor earned by one party for the benefit of the other party.

5. The Agency approves procedures for the treatment of conflict of interest cases which must include informing of the potential conflict of interest, special requests for transactions that must be done in accordance with normal market conditions, where there is no unfair favor earned by one party for the benefit of the other party, as well as when it is judged appropriate to take prior approval from the Board of Directors for performance of these transactions.

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

a) the Board of Directors or General Director may request the court to declare the contract or the other legal act as void;

b) the Supervisory Authority or Agency suspends the person in question for a period up to one year;

c) the Supervisory Authority or Agency decides to dismiss the person in question.

Article 55
Legal protection during the exercise of duty

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

Article 56
Confidentiality

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

Chapter VI
Administration of financial means of the Deposit Insurance Agency

Article 57
The funds of the Agency

1. The funds of the Agency for purposes of this law include initial funds for the insurance of deposits, potential reserves and other funds accumulated from its activity.
2. The initial fund for deposit insurance in banks, which is kept at a separate account, is contributed by the State Budget in the amount of ALL 400 000 000 (four hundred million). The fund is administered in good faith by the Agency and is used to prepare and finance the deposit compensation, in accordance with Article 38, paragraph 1 of this law.
3. The initial fund for deposit insurance in SCAs, which is kept at a separate account, is contributed by the State Budget in the amount of ALL 76 000 000 (seventy six million) and may be paid up from the reserve fund of the State Budget. The fund is administered in good faith by the Agency and used to prepare and finance the deposit compensation, in accordance with Article 38,

paragraph 1 of this law.

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

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

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

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

Article 58

Financial resources of the Agency

1. The financial resources of the Agency include:

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

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

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

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

Article 59

Financial means

1. Financial means are administered in accordance with the investment policy approved by the Board of Directors. The investments policy determines procedures, criteria and limits of concentration and maturity applicable by the Agency in the administration of financial means.

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

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

- a) debt securities issued by the Government of the Republic of Albania or the Supervisory Authority, in leke or foreign currency;
 - b) debt securities issued by the governments or central banks that are rated “investment grade” by reputable international rating agencies;
 - c) deposits or debt securities issued by international financial institutions that are rated “investment grade” by reputable international rating agencies;
 - ç) debt securities issued by international corporations that are rated “investment grade” by reputable international rating agencies;
 - e) deposits with interest at the Supervisory Authority.
4. With the aim the administration of its financial means, the Agency may enter into agreements with the Supervisory Authority or international institutions for financial administration, who for the account of the Agency invest its financial means in a foreign currency in accordance with the aims set in points 1, 2 and 3 of this Article.
5. With the aim of ensuring necessary liquidity for the fulfillment of its obligations that arise from this law, the Agency, except the transactions in the financial market, may sell to the Supervisory Authority or the Ministry of Finance with the obligation to repurchase them, securities the Agency holds in its portfolio⁴³.
6. The Agency enters into agreements with Supervisory Authority and/or Ministry of Finance for the purposes envisaged in point 5 of this Article⁴⁴.
7. The Agency has an account at the Supervisory Authority.
8. The Agency keeps separate accounts for the financial means for insured deposits in banks and financial means for insured deposits in SCAs.
9. Payments of initial contribution, payments of annual premium of deposit insurance, as well as payments of special contribution from member subjects will be deposited in leke in the respective account of the Agency at the Supervisory Authority.

Article 60

The purpose of using financial means

The financial means of the Agency are used for:

- a) compensating the insured deposits according to the provisions of this law;
- b) the participation of the Agency with the transfer of financial means in accordance to the law “On the restructuring and the extraordinary intervention in bank in the Republic of Albania”⁴⁵;
- c) coverage of all administrative expenses for the performance of the compensation process, the transfer of the fund according to Articles 38, 39 of this law, and also the participation of the Agency with the transfer of financial means in accordance to the law “On the restructuring and the extraordinary intervention in bank in the Republic of Albania”⁴⁶;
- d) coverage of all administrative and financial expenses for the activity of the Agency according to

⁴³ Amended by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

⁴⁴ Amended by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

⁴⁵ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

⁴⁶ Amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

the budget approved by the Board of Directors;

e) settlement of obligations and loans taken for the fulfillment of the aims set under letters “a”, “b” and “c” of this Article.

Article 61

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

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

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

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

a) payment of the premium prior to the deadline, by each subject member of the scheme, in the amount not greater than four times of the last paid premium;

b) increase of the premium payable by subject members;

c) payment of a special contribution by the subject members of the deposit insurance scheme;

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

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

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

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

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

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

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

Article 62

Accounting and financial report of the Agency

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

2. The Agency prepares a report and financial accounts at the end of every financial year.

3. The financial year starts on 1 January and ends on 31 December.

Article 63

Control

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

Chapter VII

Final Provisions

Article 64

Prevention of money laundering and fraud in deposit insurance

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

Article 65

Taking measures against responsible parties

1. The Agency has the right to request indemnification and in particular the right of redress against responsible parties for increase of risk in the activity of the subject member and the occurrence of the insurance event.
2. The Agency performs verifications, separately or in cooperation with the Supervisory Authority, to spot acts of responsible parties that influence in the increase of risk of the activity of subjects members, in accordance with the by-laws in force.
3. The Supervisory Authority informs the Agency on measures taken and sanctions placed from the supervision of subject members, on the possibility of placing them in extraordinary intervention⁴⁷ or liquidation, as well as in other cases envisaged under an agreement between the parties.
4. The Agency cooperates with public and private authorities, for example bodies of order preservation and the Prosecution, particularly those for the prevention of financial crime, accrediting and professional qualification institutions, for purposes of taking pre-emptive and punishing measures against responsible parties in the increase of risk in the activity of subject

⁴⁷ The term “conservatorship” is replaced by the term “extraordinary intervention” as amended by the law no. 132/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””

members.

5. If the persons identified as responsible in accordance with this Article are found guilty, the Agency proposes to the Supervisory Authority the application of sanctions in accordance with the law “On banks in the republic of Albania” or the law “On savings-credit associations” and requests indemnification, according to the laws in force.

Article 66

Preventive measures

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

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

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

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

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

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

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

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

7. In the event of repeated violations of the subject according to paragraph 1 of this Article or refusal of the report of the subject on the elimination of violations by the Agency, the Supervisory Authority, with the proposal of the Agency, takes sanctions against subjects as envisaged in the law “On banks in the Republic of Albania” or the law “On savings-credit societies”.

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

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

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

Article 67

By-laws

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

Article 68

Transitional provisions

1. SCAs and unions that are created and exercise their activity before the coming into force of this law, shall meet all conditions for the fulfillment of the obligations that arise from this law and its by-laws and within 31st of May 2016 submit in the Agency the request for membership in the scheme.⁴⁸

1.1 Unions, that are created and exercise their activity before the coming into force of this law, shall meet all conditions for the fulfillment of the obligations that arise from this law and its by-laws and within 31st of May 2016 submit in the Agency the request for the fulfillment of the conditions for the insurance and compensation of the deposits of their member SCAs’ and for their membership in the scheme.⁴⁹

1.2 The Agency evaluates the fulfillment of the criteria and, within 30th of November 2016, issues the verification for the fulfillment of the conditions in conformity with the letter “a” of article 19 of this law. The membership in the scheme of all SCAs’ that have received the verification for the fulfillment of the conditions becomes effective on 1st of January 2017. SCAs that are not created and did not exercise any activity before the entry into force of this law do not fall under the definition of point 13, of the article 35 of this law.⁵⁰

2. In every case, the membership in the scheme of SCAs will only be made after the disbursement of the initial fund in the account of the Agency, as well as the fulfillment of the conditions by them, as is provided in this law and in the law on SCAs. The Agency informs the Supervisory Authority in relation to SCAs and unions that do not meet the conditions and obligations of the deposit insurance scheme for the fulfillment of the requirements of the point 2 of article 21 of this law.

2/1. The provisions of this law with regard to the insurance of deposits of entrepreneurs and

48 Amended by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

49 Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

50 Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

companies in members of the deposit insurance scheme come into force on 1st January 2017.⁵¹

3. The law no.8873 date 29.03.2002 “On deposit insurance”, amended, is repealed.

4. All by-laws issued in conformity with law no.53/2014 dated 22.05.2014 “On deposit insurance” are applied to the extent they do not contradict with this law, until their replacement with other by-laws.⁵²

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

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

Article 69 **Entering into force**

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

51 Added by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.

52 Amended by the law no. 39/2016 “On some changes and amendments on the Law no. 53/2014 “On deposit insurance””.