



Legal News

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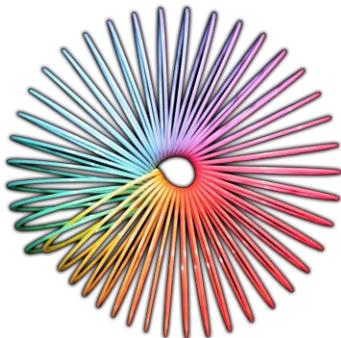
I. Law no. 52/2016, dated, 19.5.2016 “On saving-loan companies and their unions”

On 19.05.2016, the Albanian Parliament passed the Law no. 52/2016 “On saving-loan companies and their unions” (the “Law”), which entered into force on 30.06.2016 (i.e. 15 days following its publication with the Official Gazette no. 107, dated 15.03.2016). This law abrogated the previous law no. 8782, dated 03.05.2001 “On saving-loan companies”.

The purpose of the Law is to define the rules, criteria and requirements for the establishment, organization, supervision and liquidation of the saving-loan companies (hereinafter referred to as “SHKK”) and their unions.

By definition the SHKK is a legal person, based on the voluntarily organization of its members, which purpose is to finance the needs and interests of its members. To this effect, members are required to deposit their money into the company. The SHKK is equipped with its own seal and emblem.

The SHKK can be established by at least 50 members being the same individuals (of age 18 or above) and/or legal entities. The number of participating members during the second year of activity and in the forthcoming period of activity should not fall under the 200 members, in such event if their number do not increase in the coming years



the Bank of Albania will take appropriate measures provided for in the law.

The SHKK is liable with all of its assets for the obligations toward third parties, whilst the obligation of the members is limited to the respective participation in the SHKK's capital.

The main bodies of the SHKK are (i) the general assembly (ii) the board of directors (iii) the audit committee and (iv) the administrator.

The general assembly is the highest decision-making body of the SHKK with powers to resolve, inter alia, on the determination of the business policies, amending of the bylaws, approval of the financial statements, appointment and dismissal of the board of directors and audit committee, increase or decrease of the capital, etc.

The board of directors is the managing body of the SHKK which directly answers to the general assembly on the management of the activity and control of the funds. The main responsibilities of the board are the approval of the SHKK's internal rules, sets out the interest rates and respective commissions for the deposits and loans, approves the loans or delegate such competence to a loan committee (i.e. a loan cannot exceed the 10 years term, if not provided otherwise from the Bank of Albania), etc.

The administrator is appointed by the board of directors for a mandate not exceeding the 4 years which can be renewed. The competencies and duties of the administrator include but are not limited to the representation of the SHKK with third parties, drafting and signing of the financial statements, performing the necessary filings with the National Business Center, reporting to the general assembly and board of directors, etc.

The audit committee is in charge with the supervision of the accounting procedures and internal audit of the SHKK, including procedures applied by the Bank of Albania etc. Furthermore, the committee is responsible for the assessment of the financial situation and control of the activity.

As indicated above the object of activity of the SHKK is to accept deposits from its members which funds will be used to finance the needs and interests of the members. Nonetheless, the SHKK can perform other activities which are in accordance with the applicable legislation. To be noted that the SHKK is allowed to invest the funds not used to finance its members in treasury bonds issued by

the Ministry of Finance or deposits of 1 year duration near the local banks in Albania. Moreover, SHKKs are allowed to invest their funds in deposits of 1 year duration in the respective unions, should the terms and conditions are the same or better than those offered by the investments indicated above.

SHKKs are supervised by the Bank of Albania. Supervision is performed through licensing, drafting of legislative framework, inspections as well as by applying of administrative sanctions and fines.

The Law provides for the possibility of 5 or more SHKKs to establish a union for the purpose of fostering, developing and improving the internal activities of the participating members. The union is licensed by the Bank of Albania and share the same characteristics of the SHKK in terms of decision making and managing bodies (except for the loan committee which is a mandatory committee to be constituted), including the main object of activity, that is acceptance of members' deposits and financing of the same.

Essentially by enacting this law, the legislator aimed to improve the legislative framework on SHKKs especially by detailing several aspects of such entities including membership rights and obligations. In the words of the legislator although the Law was not intended to transpose any EU *acquis communautaire*, given the absence of EU legislative acts in this regard, the Law has been drafted based on best international practices including the laws of several EU countries.



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