

LEGAL EVENTS OVER OCTOBER - DECEMBER 2009

FINANCIAL STABILITY

On 14 October 2009, the Supervisory Council of the Bank of Albania approved by Decision No. 72, "The Financial Stability Report for the first half of 2009". The report concludes that, the banking sector at home shrank the funding volume to the domestic economy as a response to the increased demand for liquidity, given the effects of the international financial crisis and due to the fall of deposits in banks and to the picking up of the Government demand to borrow. In the first quarter 2009, the financial system development, at home, was impacted from the ceasing of the banking system growth; in the meantime the other part of the financial market recorded a considerable growth of the activity. Notwithstanding, at the end of this period, the banking sector recorded a positive financial outcome, amounting to ALL 0.66 billion and the activity capitalisation remained stable and at adequate rates.

MONETARY POLICY

On 28 October 2009, the Supervisory Council of the Bank of Albania approved by Decision No. 76 "The cut by 0, 50 percentage points of Repurchase and Reverse Repurchase Agreements interest rates". Through the cut by 0.50 percentage points, with a key interest rate decreasing from 5.75 to 5.25%, the Bank of Albania aims to establish the premises for the lending of economy as well as to pursuit the minimisation process of international financial crisis' effects, by supporting the economic activity at home.

BANKING SUPERVISION

On 14 October 2009, the Supervisory Council of the Bank of Albania approved by Decision No. 71 the Regulation "On the management of risk liquidity". The purpose of this regulation is to set out the requirements and minimum standards for the effective management of risk liquidity from banks, through the establishment of a system which must comprise the strategies and policies compiled from the bank to manage this risk; the organisational structure and internal audit, also the contingency plan.

On 11 November 2009, the Supervisory Council of the Bank of Albania approved by the Decision No. 78, the increase of Çalik Holding A.S. Turkey (indirect shareholder) qualifying holding, from 25.2 to 45.6 percent in the share capital of the National Bank of Turkey (Joint-Stock Company).

ISSUE

On 14 December 2009, the Supervisory Council of the Bank of Albania approved by Decision No. 85 "The withdrawal of some banknotes with legal tender". In accordance with this decision, the 500 Lekë banknote issued in 1991, 1992, 1993, 1996, 1997, carrying the sunflower image and the 500 Lekë denomination issued in 1992, 1994, 1996, carrying the portrait of Naim Frashëri, will be legal tender until 30.06.2010. These banknotes shall be collected to be exchanged for face value, with other banknotes and coins in circulation, until 31.12.2012.

ECONOMIC POLICIES

On 14 October 2009, The Council of Ministers approved by Decision No. 1011 "The PHRD Grant Agreement, No. TF 093096, between the Government of Albania and the International Bank for Reconstruction and Development (IBRD), for the compilation of the project of government, finance and the providing the municipal services". The grant amounting to USD 980, 000 USD shall be used for the implementation of the project, which is the first phase of a long-term program for municipalities in Albania, which aims to accomplish stability on providing municipal services, through the strengthening of local government finances. The grant shall be exploited to fund activities which aim to sustain and improve waters, sewages, rural streets, management of inert residuals, etc.

On 15 October 2009, The Parliament of the Republic of Albania approved the Law No. 10 157 "On some changes and amendments to the Law No. 9663, dated 18.12.2006 "On concessions", as amended. The amendments stipulate the establishment of the Concessions Agency, as a public budgeted institution, charged with the supervision and verification of implementation of the concession procedures, administrative investigation and the proposal of punishing measures in case of infringements.

On 15 October 2009, the Parliament of the Republic of Albania approved the Law No. 10 158 "On bonds of joint –stock companies and of local government". The law sets out the types, ways of allocation and maturity of bonds issued from both the joint–stock companies and the local government. The law arranges the organisation and function of bonds' owners groups, the conservatorship and the agent of bonds' owners.

On 14 October 2009, the Council of Ministers approved the Decision No. 1020 "On the establishment of the Auditing Agency, accredited from the European Union". The purpose of this Agency is to audit and control the implementation of assistance programs, granted from the European Union, the agency is responsible for the efficient and sound functioning of assistance management system and this latter is functionally independent from all players of this system.

On 15 October 2009, The Parliament of the Republic of Albania ratified by the Law No. 10 155 "The Agreement between the Republic of Albania and the Kingdom of Spain for collaboration to combat crime". Through this Agreement, both countries commit to collaborate closely in the war against different shapes of the financial crime, as: contraband, money laundering, counterfeit and delivery of currency and other means of payments, and the criminal operations against public finances and fiscal evasion.

On 15 October 2009, The Parliament of the Republic of Albania ratified by the Law No. 10 162 "The Agreement between the Council of Ministers of Albania and the Government of Czech Republic for collaboration to combat the crime". Through this agreement, the government of both countries aim to improve the collaboration for the prevention and detection of crime and its different shapes, as: crimes against life, terrorism and its financing, corruption and contraband, illegal financial transactions, etc.

On 21 October 2009, The Council of Ministers approved the Decision No. 1081 "On the organisation and functioning of National Food Authority". According to this decision, the National Foodstuff Authority is responsible to plan and coordinate the official control of foodstuff, animal food and the defence of plants at national level.

On 22 October 2009, The Parliament of the Republic of Albania approved the Law No. 10 169 "On some amendments and changes in the Law No. 9482 "On legalisation, urbanisation and integration of illegal constructions", as amended". The amendments set out that the payment of constructing parcel of the illegal buildings during the legalisation process may take place via privatisation bonds, up to 50 percent of its value. This payment way is valuable for constructions built within the yellow line, outside the yellow line and in other territories as well.

On 27 October 2009, the Parliament of the Republic of Albania approved by the Law No. 1077, the national strategic document "On the investigation of financial crime". The document aims to establish a long-term operational platform and to combat constantly the economic-financial crime, money laundering and terrorism financing through the compilation of the legislation in line with the European Standards, the increase of control efficiency of this legislation implementation and the strengthening of inter-institutional collaboration.

On 29 October 2009, The Parliament of the Republic of Albania approved the Law No. 10 180 "On the adherence of the Republic of Albania in the Treaty of the Patent right of the Intellectual Property of World Organisation". Through this Law, the Republic of Albania adheres in the Patent Law Treaty adopted at Geneva on 1 June 2000. The provisions of this Treaty and the rules deriving from them are implemented on international applications for the inventories patents and for the additional licenses, as well as for the national and regional patents for inventories, also for the additional national and regional ones.

On 29 October 2009, the Parliament of the Republic of Albania ratified by the Law No. 10 181 "The Agreement between the Council of Ministers of the Republic of Albania with the Government of the Federal Republic of Germany for the financial collaboration. Through this Agreement the Government of the Federal Republic of Germany provides to the Government of the Republic of Albania the possibility to obtain from Kreditanstalt für Wiederaufbau (KfW), Frankfurt am Main, a founding amount of EUR 7 500 000 euro for the project "The program on the Protection of Shkodra Lake environment".

On 29 October 2009, The Parliament of the Republic of Albania approved the Law No. 10 183 "On some changes and amendments in the Law No. 9374 "On the Public Assistance". This Law provides to the Law "On Public Assistance" the principles and procedures according to which it is allowed and controlled the public assistance for the disadvantaged employees, the assistance for the environment protection and the one for risk capital.

On 29.10.2009, The Parliament of the Republic of Albania approved the Law No. 10 179 "On the adherence of the Republic of Albania to the European Patent Treaty". This Treaty decides, as regards to all the adhering countries, a common legal system on granting the patent for inventions, unique procedures and some standard rules which regulate the patents granted in this way.

On 5 November 2009, the Parliament of the Republic of Albania adopted the Law No. 10 186 "On the ownership regulation on state-owned land in the areas with tourism priority". The Law aims to regulate the ownership relationships on the land and objects built in the areas simulated with tourism priority, which are granted for the realisation of facilitating activities, established prior to the entering into force of this Law.

On 20 November 2009, The Parliament of the Republic of Albania approved the Law No. 10 168 "On the approval of form and formula of INSIG privatisation, Joint-stock company". As regards to this Law, the transfer of 100 percent to equities of the commercial company INSIG, Joint stock Company, which are owned from the Albanian Government, shall take place through the sale, to the benefit of investors, in line with the "Open International Tender" procedure.

On 20 November 2009, The Parliament of the Republic of Albania approved the Law No. 10 170 "On some changes and amendments in the Law No. 9643, dated 20.11.2006 "On Public Procurement", as amended". Amendments, inter alia, set out the establishment and the functioning of Public Procurement Commission as the highest authority in the field of public procurement, charged with the analysing of claims and procurement procedures, whose decisions are final in administrative terms.

On 25 November 11.2009, The Council of Ministers, approved the Decision No. 1151 "On the establishment and use of special fund". In accordance with this decision, the special fund shall be established in the

units of general government, at the rate of 5% of the total wages fund, to be used for the compensation of employees, to provide subsequent grants in case of contingencies, etc.

On 25 November 2009, The Council of Ministers approved by the Decision No.1177 "The Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo on mutual collaboration and assistance dealing with customs issues. Through this agreement both countries aim to make more efficient the attempts to prevent the infringements of customs legislation and to provide the correct collection of imports-exports liabilities, taxes and other liabilities, through the close collaboration between their customs authorities.

On 29 November 11.2009, the Parliament of the Republic of Albania approved the Law No.10190 "On the budget of 2010", given a deficit, which amounts to approximately ALL 50 billion, revenues, which exceeds ALL 360 billion and expenditures about ALL 410 billion, the budget of 2010 aims to guarantee the macro-economic stability of the country and the ongoing economic growth.

On 3 December 2009, the Parliament of the Republic of Albania approved the Law No.10 192 "On the prevention and the fight against the organised crime and traffic through preventing measures against assets". The law sets out the procedures, competences and criteria to undertake the preventing measures against assets of persons suspected for participation in organised crime and trafficking. It aims the prevention and the fight of organised crime through assets 'confiscation of persons, who owns an unjustified economic level, as a result of participation in criminal activities.

On 10 December 2009, The Parliament of the Republic of Albania approved the Law No. 10 196 "On some amendments and changes in the Law No. 9072, dated 22.05.2003 "On the electrical power", as amended. The changes stipulated in this Law, deals mainly with the Article which arranges the sources of removable energy. Thus, the Council of Ministers is authorised to undertake encouraging and supporting initiatives for the construction of centrals, that uses the renewable energy for the production of electrical power, which shall be totally consumed at home.

On 10 December 2009, the Parliament of the Republic of Albania approved the Law No. 10 197 "On volunteer pension funds". The purpose of this Law is to regulate the foundation, the activity and supervision of volunteer pension funds with determined contributions. It sets out the needed standards for the effective management and supervision of these funds, assigning the Financial Supervision Authority responsible for the implementation of this Law.

On 10 December 2009, the Parliament of the Republic of Albania approved the Law No. 10 198 "On collective investments schemes". The purpose of this Law is to set out the conditions and criteria for the foundation, registration and functioning of collective investment schemes, providing the correct functioning

of capital markets and the simulation of their free movement. The Financial Supervision Authority shall supervise the activity carried out by the collective investments schemes, the managing companies, depositors and other persons involved in the sale of quotas and equities.

On 15 December 2009, the Commissioners Board of Power Regulatory Authority approved the Decision No. 100 "On establishing the selling prices of electrical power retail sale for the period 1 January -31 December 2010". The decision sets out the fees of electrical energy retail sale for the year 2010, by consumer groups. Thus, the price of electrical power during 2010 for households shall be 7.70 lekë/kwh for consumption up to 300 kWh and 13.50 lekë/kwh for consumption higher than 300 kWh.

On 16 December 2009, the Council of Ministers approved the Decision No. 1216 "On providing the subsequent economic assistance to persons, who benefit a pension". In accordance with this decision, the persons benefiting an ancient, invalid or familiar pension, likely those benefiting a monthly compensation as war veterans or special financial treatment, shall benefit a subsequent economic assistance, amounting to ALL 2 500.

On 23 December 2009, The Council of Ministers adopted the Decision No. 1290 "On the establishment of the core criteria, of sectors to be assisted and the amounts of benefiting from the program fund for agriculture and rural development". This decision shall set out the funds approved in the budget of 2010 designated for the Ministry of Agriculture and Consumer Protection, in the item "Transfers to household's budget" be used for the assistance of agricultural, animal and agro-processing production. The provided funds aim to simulate the planting of olive woods, fruits and vines, the implementation of modern watering technology, production of vegetables in solar green houses, the production of bio productions, and the increase of banking credit to agricultural sector.