

Appendix 1 - Standard contract for direct participation

Contract for direct participation in the Albanian Financial Instruments Settlement and Registration (AFISaR) system

Parties

Bank of Albania, in the capacity of the **Administrator** of the AFISaR system (hereinafter referred to as the "**Administrator**", registered address in: Sheshi "Skënderbej", No 1, Tirana, Albania, represented in this contract by Mr. Marian Gjermani, Head of Monetary Operations Department,

and

_____, in the capacity of the **Direct participant** (hereinafter referred to as the "**Participant**"), registered address in _____, license no _____), represented in this contract by Ms./Mr. _____ passport/ID no. _____

Having regard to the following:

1. Law No. 8269, dated 23.12.1997 "On the Bank of Albania", as amended and the agreement between the Bank of Albania and the Ministry of Finance, whereby the Bank of Albania is the fiscal agent of the Government;
2. Article 31 of the Law No. 9665, dated 18.12.2006 "On state borrowing, state budget and state loan guarantees of the Republic of Albania", the Bank of Albania, in the capacity of the fiscal agent of the Government, creates, maintains the registration system in the accounts for the securities, and supports the creation of the secondary securities market, by facilitating the use of the registration system; and
3. Article 12 of the Decision No _____, dated _____2014 of the Supervisory Council of the Bank of Albania "On the approval of Regulation 'On the functioning of the central financial instruments registration (AFISaR) system'" (hereinafter referred to as the "**Regulation**"), the entity that wishes to participate in the AFISaR system, shall conclude a contract with the Administrator for participation in the AFISaR system;

Agree to sign this contract according to the following conditions:

Article 1

Scope

The contract establishes the rights and obligations of the Administrator, which arise in the context of it providing services for the settlement and registration of securities in the AFISaR system, as the sole owner and administrator of this system, and of the participant in this system, conform to the terms of this contract and the Regulation.

Article 2

Legal basis

The contract shall be concluded pursuant to articles 659 *et seq* of the Civil Code of the Republic of Albania and the Regulation of the Bank of Albania.

Article 3

Definitions and interpretations

1. The terms used in the contract shall be the terms as defined in the Regulation.
2. "Documentation" is the set of rules that regulate the AFISaR system, including: Regulation on the AFISaR system, AFISaR User's Manual, SWIFT User Guide.
3. Any term or provision of the contract that may give rise to ambiguity shall be interpreted in the context of the Regulation and from the perspective of the purpose for which the parties conclude this contract.
4. For all the issues that are not explicitly stipulated in this contract, the provisions of the Regulation shall apply, and if the latter do not regulate specific issues, the applicable legal and sublegal acts in this field, as cited in the legal basis of the Regulation, shall apply.

Article 4

Application request

The application request, together with other documents required by the Regulation, submitted by the Participant, shall be attached to the contract and shall be an integral part of it.

Article 5

Entry into force and duration

This contract shall enter into force upon signing by the parties and shall extend its effects for an undetermined period of time.

Article 6

Means and form of communication

1. To send/receive payment instructions in relation to transactions of securities registered and settled in the AFISaR system, the Participant shall use as a means of communication:
 - a) VPN ☐
 - b) SWIFT ☐
2. The Administrator shall, after approving the means of communication set forth in paragraph 1 of this Article, lay down the technical specifications for the communication in accordance with the Regulation.

Article 7

Accounts

The Participant shall operate the following accounts:

- a) Personal account ☐
- b) Omnibus account
 - i. Omnibus account for natural persons ☐
 - ii. Omnibus account for registered businesses ☐
 - iii. Omnibus accounts for pension funds ☐

Article 8

Rights and obligations of the parties

The Administrator and the Participant shall have all the rights and obligations set out in the Regulation, whose implementation is mandatory.

Article 9

Participation fees

The participant shall pay fees stipulated in the Regulation in order to access the AFISaR system. The participant shall take the necessary measures to comply with this obligation, without delay.

Article 10

Confidentiality

The parties commit to keep confidential the information provided reciprocally, making maximum efforts to minimise as much as possible the number of people possessing such information.

Article 11

Administrative sanctions

The Administrator may take the measures envisaged in the Regulation when the Participant fails to conduct its activity in compliance with the Regulation, Documentation and instructions given by it.

Article 12

Modification of the contract

The terms of the contract may be modified upon signing by both parties.

Article 13

Force Majeure

The parties shall not be held liable for any breach of contractual obligations resulting from a Force Majeure, for which the other party shall be notified immediately.

Article 14

Notices

1. Any notice, request or other formal communication between the parties, except for the communication specified in Article 6 of this contract, shall be made via official registered mail, fax, e-mail, or, when this is not possible, via telephone.
2. When the notice, request or communication arrives to the addressee after 16.30 hours, it shall be considered as received at 08.30 hours of the following business day.
3. The parties shall notify each-other on eventual changes of address, within 5 (five) working days from the change.

4. The parties shall notify each-other immediately on eventual changes regarding their representatives.

Article 15

Termination of the contract

1. The parties may terminate the contract when they both agree, or unilaterally for failure to perform important obligations, by notifying the other party in writing at least 15 (fifteen) days prior to the date they wish to terminate the contract, requesting the fulfilment of matured financial obligations, which may arise from the contract.
2. For all the other cases of contract termination that are not envisaged in this contract, the respective provisions in the Civil Code of the Republic of Albania shall apply.

Article 16

Resolution of disputes

For disputes between the parties arising out of or in connection with the implementation of the contract, that the parties may resolve amicably, the competent body for their settlement shall be the District Court of Tirana.

Article 17

Final provisions

1. For resident participants, the contract shall be signed in 2 (two) original copies in Albanian; each party shall keep one copy.
2. For non-resident participants, the contract shall be signed in 4 (four) original copies: 2 (two) in Albanian, and 2 (two) in English; each of the parties shall keep 1(one) copy in Albanian and 1 (one) in English.
3. In case of discrepancy between the text in the contract in Albanian and in English, the Albanian language version shall prevail and shall be binding.
4. The contract, after being read by the parties, shall be signed in their free and independent will.

For the Bank of Albania:

For _____

Marian Gjermeni
Head of Monetary Operations Department

