

Appendix 3 - Standard contract for indirect participation of a natural person

Contract between the Bank of Albania and the individual client

Parties

Bank of Albania (hereinafter: "**The Bank**"), legally represented in this contract by: Mr. Marian Gjermeni, Head of Monetary Operations Department.

and

Natural person (hereinafter: "**individual**" _____, identification card (or biometric passport) no _____,

address _____.

Agree to sign this contract according to the following conditions:

Article 1

Legal basis

This contract is signed on the basis and pursuant to the following acts:

- a) Law No. 8269, dated 23 December 1997 "On the Bank of Albania", as amended;
- b) Civil Code of the Republic of Albania;
- c) Law "On state borrowing, state debt and state loan guarantee of the Republic of Albania";
- d) Bank of Albania Regulation "On the functioning of the central Albanian Financial Instrument Settlement and Registration (AFISaR)";
- e) Tax legislation; and
- f) Other sublegal acts of the Bank of Albania.

Article 2

Purpose

The contract aims to regulate the relationship for opening, keeping and maintaining the securities account(s) of the individual in the AFISaR system of the Bank, in order to realise the investment in the primary market of Government T-Bills (lek) through Bank's counters.

Article 3

Definitions

- a) "Securities account" is an account opened in the AFISaR system, which reflects transactions with regard to the T-bill owned by an individual;
- b) "Cash account" is an account opened in a commercial bank, which reflects transactions with regard to the investment of individual's funds in T-bills;
- c) "Individual" is a natural person, with full legal capacity, who invests in T-bills in the primary market, at Bank counters;
- d) "Government" is the Government of the Republic of Albania;
- e) "Bank" is the Bank of Albania;
- f) "Primary market" is the market where Government securities are sold for the first time;
- g) "Auction" is an auction organised at the Bank for selling Government T-bills;
- h) "Treasury bills" are short-term Government securities, sold at a discount, whose nominal value is payable on the date of maturity;
- i) "Treasury bills issuer" is the Ministry of Finance on behalf of the Government;
- j) "Albanian Financial Instruments Settlement and Registration (AFISaR)" is the system that the Bank creates and maintains for the registration and settlement of securities issued by the Government;
- k) "Prorata" is the ratio of the preset amount for noncompetitive bids of individuals against the total amount of noncompetitive bids submitted in the auction by the individuals.

Article 4

Securities account

1. The securities account serves to conduct the following actions:
 - a) Reflects the purchase of T-bills by the individual in the primary market on the date of issue of the auction;
 - b) Reflects the maturity of the T-bill on the date of its maturity;
 - c) Reflects the transfer of the T-bill to a security account of a natural person opened at a commercial bank; and
 - d) Reflects the sale of the T-Bill by the individual in the secondary market.

Article 5

Cash account

1. The cash account that shall reflect the transactions of the individual with T-bills shall be in one of the commercial banks with which the Bank of Albania has concluded a contract for this service.

2. The individual shall present the information on the commercial bank with which it has a cash account. The information shall contain the following details:
 - a) Name of the commercial bank; and
 - b) Number of cash account in the form of IBAN.
3. Transactions, which shall be reflected in the individual's cash account in a commercial bank shall be:
 - a) the difference of the nominal value with the purchase price of the T-bill;
 - b) the remaining un-invested amount in the case of prorata;
 - c) the transfer of the matured value of the T-bill after deduction of the tax on interest.
4. Notification on changing the cash account number and/or commercial bank may be sent at any time; however, it shall become effective for transactions on the following business day of the Bank's system.

Article 6

Means and form of communication

1. The individual orders transactions in his securities account and participation in T-bill auctions through written orders presented in one of the Bank's counters.
2. The individual may go to any Bank counter to conduct operations, regardless of where the account was opened.
3. Written orders shall be executed by the Bank, in accordance with the schedule of the AFISaR, as set out in the Regulation of the system.

Article 7

Operations that are not provided

The Bank shall not perform the following operations for individuals:

- a) Pledge as guarantee or collateral the T-bills owned by an individual in accordance with his securities account;
- b) Transfer the situation of the securities account opened in a commercial bank to his securities account opened at the Bank;
- c) Transfer the situation of the securities account of an individual to an account at the Bank or a commercial bank whose holder is different from the individual, except when so ordered by the court;
- d) Opening of a securities account with more than one holder; and
- e) Any other transaction that is not listed under articles 4 and 5.

Article 8

Obligations of the Bank

In relation to the individual, the Bank has the following obligations:

- a) Open, keep, maintain and use, according to functions set out in Article 4, the securities account;
- b) Clear and settle any transaction ordered by the individual for permissible transactions with his accounts according to stipulations of Article 4;
- c) Provide information to the individual on the investment of the T-bills and make available the informative brochure on the investment of the T-bills.
- d) Provide information to the individual on the list of commercial banks with whom it has a contract for opening cash accounts for individuals;
- e) Inform the individual on the terms for opening account(s) in accordance with Article 1 "General Terms"
- f) Comply with the confidentiality of the individual's data and information on his account, except when information on this data is given with the individual's consent, or are requested by the court, prosecution, or any other authority having the legal competency to collect such information;
- g) Provide appropriate informative systems for keeping, securing and administering electronic data for the individual; and
- h) Store in a safe place the original documentation used for registering the individual's data or his orders for transactions in his accounts, in accordance with the procedures and time frame laid down in the laws and relevant sublegal acts.

Article 9

Obligations of the individual

In relation to the Bank, the individual has the following obligations:

- a) Provide accurate information to open an account/accounts at the Bank and inform the Bank of changes to this information;
- b) Provide information verified with the relevant documents, if it has a special status, which are offered fiscal facilities, in accordance with the tax legislation;
- c) Obtain information on the T-bills instrument, by asking the Bank employees, reading the informative brochure, or through other sources; and
- d) Pay Bank fees, through the commercial bank where he has a cash account, for the provided service, in accordance with the terms and conditions, signed by him in the Annex to the contract.

Article 10

Rights of the individual

In relation to the Bank, the individual has, among others, the following rights:

Ask for information or statement on his securities account(s);

- a) Ask for information on investment in T-bills; and
- b) Authorise another individual, with a proxy, for transactions in his accounts

Article 11

Waiver of liabilities

The Bank shall not be liable:

- a) for failure to comply with contractual obligations due to a force majeure; and
- b) for damages caused to the individual by the Issuer of the T-bills.

Article 12

Modification of the contract

1. The Bank may change the terms of the contract and notify the individual in writing or in other means of communication.
2. Any changes to the contract by the Bank shall become effective once the contract is signed by both parties.

Article 13

Notices

1. Parties shall notify each other via registered mail, fax, e-mail or, when this is not possible, telephone.
2. The parties shall notify each-other on eventual changes of address, within 5 (five) working days from the change.

Article 14

Termination of the contract

1. The individual may terminate the contract unilaterally by notifying the Bank in writing. In this case, he presents himself to the Bank counters to sign the order for transferring the balance of his account(s).
2. The Bank may terminate the contract unilaterally by notifying the individual at least 30 (thirty) days in advance, and provide the conditions for the transfer of the balance of his account(s) in accordance with the individual's orders.

3. Upon the termination of the contract, the Bank shall close all the accounts of the individual.
4. 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 15

Resolution of disputes

Any disputes between the parties that may arise from or in connection to this contract that the parties cannot resolve on an amiable basis shall be resolved by the District Court of Tirana.

Article 16

Addresses

The address of the Bank's counters

are as follows:

1. Tirana: Sheshi "Avni Rustemi", Nr. 24, Tirana;
2. Elbasan: Lagja "28 Nëntori", Rruga "11 Nëntori", pranë Prefekturës Elbasan, Elbasan;
3. Korça: Bulevardi "Gjergj Kastrioti", Korçë;
4. Shkodra: Lagja "Qemal Stafa", Rruga "13 Dhjetori", pranë Prefekturës Shkodër, Shkodër;
5. Lushnjë: Lagja "Kongresi i Lushnjës", prapa Bashkisë Lushnjë, Lushnjë;
6. Gjirokastra: Lagja "18 Shtatori", Rruga "18 Shtatori", Gjirokastrë.

Article 17
Final provisions

1. The contract shall be compiled in 2 (two) copies in the Albanian language, of which the Bank shall retain 1 (one) copy and the individual shall retain 1 (one) copy.
2. The contract, after being read by the parties, shall be signed in their free and independent will.

For the Bank of Albania:

Individual: _____

Marian Gjermeni

Head of Monetary Operations Department

Mr./Ms. _____

Annex 1

General terms and conditions

The Bank implements the following terms for services provided to individuals:

1. No cash transactions are carried out at Bank counters
2. The commission for intermediating the individuals' request in the T-bills auction shall be 0 (zero) lek.
3. The commission for opening and maintaining the securities account shall be 0 (zero) lek.
4. The commission for transfers to the commercial bank shall be 0 (zero) lek.
5. Transfers from the individual's accounts shall be cleared and settled not later than 2 (two) business days from the receipt of order from the individual.

