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Recently in the Official Journal No.131, dated 14.07.2020 has been published Law No.62/2020, dated 14.05.2020 “*On capital markets*”, (hereinafter referred to as “*Law on Capital Markets*”).

Law on Capital Markets has been partly approximated with the following directives and regulations:

- a) Directive 2014/65/EU of the European Parliament and of the Council, dated 15 May 2014, "*On financial instruments' markets amending Directive 2002/92/EC and Directive 2011/61/EU*", as amended.
- b) Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2014 “*On the harmonization of transparency requirements regarding information on issuers whose securities have been admitted to trading on regulated markets which amends Directive 2001/34/EC*”, as amended
- c) Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 “*On criminal penalties for market abuse*” (*Market Abuse Directive*).
- d) Regulation (EU) No. 909/2014 of the European Parliament and of the Council, dated 23 July 2014, “*On improving the settlement of securities in the EU and central securities' depositories amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No.236/2012*”, as amended.
- e) Regulation (EU) 2017/1129 of the European Parliament and of the Council, dated 14 June 2017, “*On the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC*”, as amended.
- f) Regulation (EU) No. 462/2013 of the European Parliament and of the Council, dated 21 May 2013, “*On amending regulation (EC) No.1060/2009 on credit rating agencies*”.

Law on Capital Markets regulates capital markets, the manner and conditions for the provision, purchase and sale of financial instruments in the Republic of Albania, as well as determines the procedures for the regulation and supervision of the markets of financial instruments.

Some of the most important aspects of Law on Capital Markets are as follows:

Aim of the law

The Law on Capital Markets provides the following:

- a) conditions for the establishment, licensing, exercise of activity, supervision and dissolution of companies that exercise activities regulated according to this law;
- b) conditions for the provision of regulated activities and related ancillary services;
- c) conditions for trading of financial instruments in a regulated market or outside a regulated market;
- ç) conditions for offering securities to the public and accepting securities in a regulated market;
- d) obligations for providing information by companies that exercise activities regulated according to this law;
- dh) measures to prevent market abuse and trading of securities based on privileged information;
- e) competencies and activity of the Authority in implementing this law.

Field of law

This law applies to all subjects that exercise regulated activities in the territory of the Republic of Albania or from the Republic of Albania for clients located abroad.

Prevention of money laundering and terrorism financing

All persons who are subject to this law, must comply with the requirements arising from the legislation in force to prevent money laundering and terrorism financing, as well as with the bylaws implementing it.

Licensed entities are obliged, without prior notice and involvement of suspects or affected persons, to immediately notify the General Directorate of Money Laundering Prevention and the Authority for any case when they know or suspect that it has been committed, is being committed or there is an attempt to commit money laundering and terrorism financing.



Authority

The Financial Supervision Authority is the authority that licenses, supervises and regulates the activities regulated according to this law.

The objectives of the Authority’s activity are:

- a) promoting and guaranteeing confidence in impartiality, efficiency, free competition, transparency and legality of the capital markets' sector and any activity related to this sector;
- b) protection of investors' interests; and
- c) prevention of financial crime.

b) have registered a branch or representative office of a foreign subject in the Republic of Albania;

c) be related agents of a licensed subject in the Republic of Albania or a licensed subject in one of the countries of the European Union or another country determined by regulation from the Authority;

ç) to be well-known subjects, regardless of the fact that their seat is located in another country.



Eligibility and skills requirements

No subject may be licensed, registered or recognized for the exercise of a regulated activity if and for how long the Authority has not received and approved the information and documentation necessary to ascertain whether the requesting subject, its shareholders and administrators or the key officials, have the appropriate skills and meet the criteria to exercise regulated activity.

Subjects who are allowed to exercise regulated activities

The activities regulated according to this law are exercised in the territory of the Republic of Albania by the licensed subjects, registered or known, in implementation of this law.

The exercise of activities regulated in contradiction with above is considered a criminal offense within the meaning of article 170/ç “*Unlicensed exercise of financial activities*”, of the Criminal Code of the Republic of Albania.

All licensed, registered or known subjects, according to this law must:

a) have their seat in the Republic of Albania; or

The Authority shall assess whether the requesting subject, its shareholders and administrators have the appropriate skills to exercise a particular function and, in particular, whether the person concerned:

a) possesses the necessary qualities to fulfill the duties and responsibilities of the respective position in the company;

b) has the integrity, honesty and due diligence to fulfill his duties;

c) possesses the necessary qualifications and meets the criteria of professional experience in accordance with the responsibilities of the respective position;

ç) is able to maintain independence, so that the interests of society are not affected by conflicts of interest that may arise during the exercise of duty.

Demands for banks

Banks, which are licensed by the Bank of Albania to exercise the financial activities provided by the law in force "*On banks in the Republic of Albania*", can provide securities investment services only after being licensed by the Authority to exercise this activity.

Application for registration as an affiliated agent of a licensed person

Any person who is or proposes to become an affiliated agent of a licensed subject may file an application for registration with the Authority, to be allowed to exercise the regulated activity for the licensed brokerage company in one or more qualities.

Prohibition of creating a stock market without a license

No subject may establish or operate a stock market, assist in the creation or operation of a stock market, or claim to offer or operate a stock market unless that subject is licensed or recognized by the Authority.

Stock market

The stock market is established as a joint stock company in accordance with the provisions of this law and the law in force "*On entrepreneurs*".

The governing bodies of the stock market are the general assembly, the supervisory board/board of directors and the administrators.

The share capital of the stock market is determined by a sub-legal act.

All shares of the stock market must be registered shares.

The initial capital of the stock market is paid in full in cash. The shares that make up the share capital cannot be issued until their full value has been paid.

Stock market shares may be admitted to trading on a regulated market only with the approval of the Authority and provided that the relevant listing requirements set forth in this law have been met.



Repeal

With the entry into force of this law, law no. 9879, dated 21.2.2008, "*On securities*", as well as law no. 10158, dated 15.10.2009, "*On bonds of joint stock companies and local government*" are repealed.

Entry into force

This law enters into force on September 1st, 2020.



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Muja Law is a family-run law office where we work hard for the success of our clients and to provide excellence in legal service. Our roots go back to 2001 when our Managing Partner, Krenare Muja (Sheqeraku), opened her law practice office in Tirana, Albania. Krenare’s son Eno joined her in 2014, and the other son Adi entered the practice in 2019. What started in Tirana as a small, family-run law office has grown and flourished in the community for the last 20 years. The office consists of various respected and talented lawyers who possess outstanding educational and community service backgrounds and have a wealth of experience in representing a diverse client base in various areas of the law.

The office is full-service and advises clients on all areas of civil, commercial and administrative law. With significant industry expertise, we strive to provide our clients with practical business driven advice that is clear and straight to the point, constantly up to date, not only with the frequent legislative changes in Albania, but also the developments of international legal practice and domestic case law. The office delivers services to clients in major industries, banks and financial institutions, as well as to companies engaged in insurance, construction, energy and utilities, entertainment and media, mining, oil and gas, professional services, real estate, technology, telecommunications, tourism, transport, infrastructure and consumer goods. In our law office, we also like to help our clients with mediation services, as an alternative dispute resolution method to their problems.

While we have grown over the past 20 years and become recognized as one of Albania’s leading law offices, we are grounded in the essence of “who” we are and “where” we started. We understand the importance of family, hard-work, and dedication.

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