

Muja Law brings you the latest issue of the *Legal Update*.

- ❖ Recently in the Official Journal No.136, dated 21.07.2020 was published, among other legal acts, the Law No.66/2020, dated 21.05.2020 “*On financial markets based on distributed registry technology*”, (hereinafter referred to as “*Law No.66*”);
- ❖ Also, in the Official Journal No.136, dated 21.07.2020 was published the Normative Act of the Council of Ministers No.30, dated 20.7.2020 “*On some amendments to Normative Act No. 3, dated 15.3.2020, of the Council of Ministers, "On taking special administrative measures during the period of infection caused by COVID-19", as amended*”, (hereinafter referred to as “*Normative Act No.30*”);
- ❖ Furthermore, in the Official Journal No.136, dated 21.07.2020 was also been published the Law No.91/2020 “*On some amendments to Law No.90/2019 "On reevaluation of immovable properties"*”, (hereinafter referred to as “*Law No.91*”);
- ❖ On the other hand, in the Official Journal No.139, dated 29.07.2020, has been published Decision of the Council of Ministers No.576, dated 22.7.2020 “*On some amendments to Decision of the Council of Ministers No.953, dated 29.12.2014 "On the implementing provisions of Law No.92/2014 "On Value Added Tax in the Republic of Albania", as amended*”, (hereinafter referred to as “*DCM No.576*”).

*Some of the most important provisions of the above legal acts are as follows:*

#### ❖ Law No.66

##### Object of the Law No.66

The object of this law is to regulate the issuance of digital tokens and/or virtual

currencies, the licensing, monitoring and supervision of subjects that exercise the

activity of distribution, trading and storing of digital tokens and/or virtual currencies, the agent of digital tokens, innovative service providers and automated collective investment ventures.

## Scope of the law

This law applies to all regulated activities and subjects that exercise activities under this law, in or from the territory of the Republic of Albania.



## Important terminology

“*Responsible authorities*” are the Financial Supervision Authority (FSA) and the National Agency for Information Society (NAIS).

“*Decentralized Market DLT*” is a market, which uses DLT technology, where the private key to access the digital token(s) and/or virtual currencies, which are subject to transactions on this market, is held by the market users themselves.

“*Digital token*” is a digital marker, which:

- 1) is fundamentally dependent on DLT technology; and
- 2) is included exclusively in one of the categories of digital tokens listed below:
  - a) digital payment token;
  - b) digital securities token;
  - c) digital services token;
  - ç) digital assets token.

“*DLT Market*” is a centralized or decentralized DLT market, in which:

- a) digital services tokens, digital payment tokens and digital asset tokens can be listed and traded; and
- b) in addition to the activities listed above, exchanges may be made with FIAT currency and/or virtual currencies against digital service tokens, digital payment tokens, digital asset tokens and vice versa; and
- c) in addition to the activities listed above, can be performed listing and trading or exchange between tokens of virtual securities and which holds a license for DLT market from FSA and NAIS.

“*DLT*” or “*Distributed Registry Technology*” is a decentralized database in which information and/or data are securely recorded, consensually verified, and distributed synchronously over a multiple network of nodes or other technical means, in accordance with the definition of the innovative technology agreement and where all copies of the distributed database are considered original.

“*FIAT currency*” is a financial instrument in the form of banknotes and coins, local or foreign, which have a legal exchange rate.

“*Margin trading*” is the activity of transactions through the use of a financial lever on DLT stock markets or DLT trading facilities, where users or the DLT stock markets or DLT trading facilities lend to users, for using as collateral, for the purpose of investing on these DLT stock markets or DLT trading facilities, taking interest from these loans.

## Types of licenses

The types of licenses approved by the authorities responsible for carrying out the activities provided in this law are:

a) the license of the TD agent, which is issued by the FSA for a legal person, after meeting the general conditions and special criteria;

b) DLT market license, which is issued by the FSA and NAIS for a legal person, after meeting the general conditions and special criteria. The DLT market license is divided into three categories, as follows:

i. category "A" includes DLT centralized stock market licenses and licenses such as decentralized DLT stock market, where only "digital service tokens and/or digital payment tokens" and/or "digital asset tokens" can be traded;

ii. category "B" includes DLT centralized stock market licenses or licenses such as decentralized DLT stock market, where, in addition to the activities listed in category "A", FIAT money and/or virtual currencies can be traded against digital service tokens, payments and assets and vice versa;

iii. category "C" includes licenses such as centralized DLT stock market and decentralized DLT licenses and stock markets, where, in addition to the activities listed in the category "B", digital securities can also be traded;

c) the license of the innovative service provider, which is issued by NAIS (without the involvement of a TD agent) for a legal entity after meeting the general conditions and special criteria of this law;

ç) the license of the third-party portfolio custodian, issued by the FSA and NAIS for a legal entity, after fulfilling the general conditions and special criteria;

d) the license of the automated collective investment enterprise DT, issued by NAIS for a collective investment enterprise, after fulfilling the general conditions and special criteria.

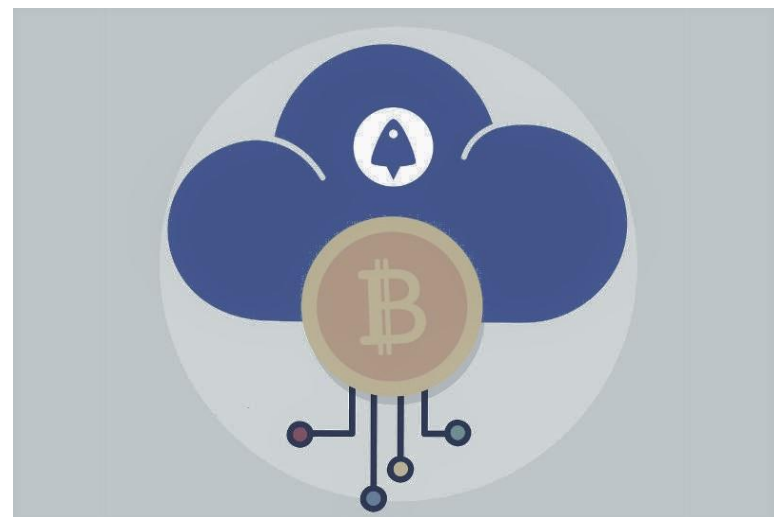
The activity of "*Margin Trading*" can also be performed in the centralized or decentralized stock markets DLT

### Authorities' competencies

The general competencies of each authority are as follows:

a) NAIS evaluates all the conditions and technological criteria presented by the requesting subject, in cases when NAIS has exclusive or joint competence for the issuance of a license, authorization or certification;

b) The FSA evaluates all financial and regulatory aspects, in accordance with this law, in cases when the FSA has exclusive or joint competence to issue a license, authorization or certification.



### Register of DLT licensed markets

Each DLT licensed market must be registered in the DLT market register, regulated and maintained by the FSA, which specifies whether the respective DLT market has received a category "A", "B" or "C" license.

## Digital token (TD) agents

The subject requesting a license as TD agent must meet the additional specific criteria, as follows:

- a) make available the documentation proving that the subject has the necessary technical and legal skills and knowledge to exercise the activity related to TD agents;
- b) prove that has a minimum initial capital of ALL 18,000,000 (eighteen million), by making available the copy of the relevant document/guarantee issued by the bank.



## Offers of digital tokens and virtual currencies

The offers of digital tokens and/or virtual currencies, which are regulated by this law, are as follows:

- a) the offer of digital securities token (STO), when the offer to the public is foreseen to have a total value equal to or higher than 1 000 000 (one million) euros or the equivalent of this amount in lek, within a 12- monthly period;
- b) the offer of digital securities token (STO), when the offer to the public is foreseen to have a total value lower than 1 000 000 (one

million) euros or the equivalent of this amount in lek, within a period of 12 months;

c) the initial offer of digital token/virtual currency (ICO), when the offer to the public is foreseen to have a total value equal to or higher than 8 000 000 (eight million) euros or the equivalent of this amount in lek, within a period 12 months;

ç) for initial offers of digital tokens/virtual currencies, which are expected to have a total value of less than 8 000 000 (eight million) euros (or the equivalent of this amount in lek), within a period of 12 months, will be requested the publication of an informative document regarding the offer, the form and content of which is determined through the regulation issued by the FSA.

## Responsibilities of issuers

An issuer shall:

a) exercise its activity with honesty and integrity;

b) exercise its activity, taking into account the interests and needs of each of the buyers of digital tokens/virtual currencies during the exercise of its activity;

c) treat fairly, clearly and non-abusively all buyers of digital tokens/virtual currencies;

ç) have an appropriate corporate governance code;

d) maintain system and security protocols to the highest appropriate standards;

dh) establish, itself or through a third party, systems for the prevention, detection and elimination of financial crime risk;

e) establish, alone or through a third party, systems for the prevention, detection and

elimination of money laundering and terrorism financing risk;

ë) have sufficient financial resources.

### Issuer's Liability

The issuer bears legal responsibility for all damages that are directly caused as a result of the purchase of digital tokens/virtual currencies by a person, through the ICO, STO, DLT stock market or DLT trading environment, in cases where the purchase in question is based on false, inaccurate or incomplete information found in the full prospectus/offer/presentation, and/or the issuer's website and/or advertisements.

Is exempted from legal liability any person who:

a) certifies that he/she had reasonable grounds to believe, without malice, that the information was accurate and true and complete; or

b) at the moment of ascertaining a false information, inaccurate or incomplete, has immediately taken all necessary measures to inform the public about the untruthfulness, inaccuracy or incompleteness of the information in question.

### Third party portfolio custodians

Any legal entity that wants to exercise the activity as "custodian of the portfolio of third parties", in accordance with this law, must have:

a) the relevant license from the Bank of Albania;

b) license as custodian of third-party portfolios; and

c) registration in the register of portfolio custodians of third parties.

Services and activities determined for third party portfolio custodians may be performed only by those third-party portfolio custodians who have the relevant license and only during the period of validity of that license.

### Illegal behavior that creates fake market

No one shall commit or be liable for any act intended to:

a) to convey false or misleading information as if digital token/virtual currency trading is taking place, a DLT stock market or a multilateral trading platform in the territory of the Republic of Albania; or

b) convey false or misleading information regarding the purchase or pricing of any of these digital tokens/virtual currencies.



### Market manipulation

Market manipulation are considered:

a) transactions or trading orders which give or are likely to give false or misleading signals in connection with the supply, demand, or price of digital tokens/virtual currencies, or which provide retention through one person or several persons acting in conjunction with the price of one or more of the digital



tokens/virtual currencies at an artificial level, unless the person who conducted the transaction or gave the trading order proves that his reasons for doing so are legitimate and that these transactions or trading orders are consistent with accepted market practice;

b) transactions or trading orders carried out through the use of fictitious devices or any other form of fraud;

c) the dissemination of information through the media, including the Internet, or by any other means, which gives or is likely to give false or misleading digital token/virtual currency signals, including the dissemination of false or misleading gossip and news, to the case where the person who made the distribution was aware, or should have been aware, that the information was false or misleading.

digital tokens/virtual currencies, with the aim, inter alia, of encouraging other persons to buy or sell these digital tokens/virtual currency or digital tokens/other related virtual currencies, whether or not these persons have this purpose.

For the purposes of the above, transactions relating to digital tokens/virtual currencies include:

a) submission of an offer for the sale of digital tokens/virtual currencies; and

b) submission of an invitation, regardless of how it is expressed, by which a person is expressly or implicitly invited to offer to sell or buy digital tokens/virtual currency.

Committing actions contrary to the above is considered a criminal offense in virtue of the Albanian Criminal Code.



### Prohibition of market manipulation

No one shall enter into or be involved in the conduct, directly or indirectly, of a number of digital tokens/virtual currency transactions which have or may result in:

a) false raising;

b) false reduction; or

c) falsely determining, maintaining or stabilizing the price or trading volume of

### Obligation to report

All DLT markets and trading platforms define and implement procedures and measures, which aim at detecting and preventing market manipulation practices.

In any case, DLT stock markets or trading platforms shall inform the authority, on the basis of the information to which they have access, of cases which they reasonably suspect that constitute market abuse.

### Entry into force

*Law No.66 enters into force on September 1, 2020.*

## ❖ Normative Act No.30

*Normative Act No.30 provides as follows:*

Subjects which do not implement the order given by the competent bodies for non-provision of service in closed premises of bars, pubs and restaurants, are punished with a fine in the amount of 1 000 000 (one million) ALL and, in case of repetition, the closure of activity for a period of 6 months is added.

Failure to comply with the obligation to close nightclubs, discos, lounge-bars and any kind of service of this nature indoors or outdoors, is punishable by a fine of 3,000,000 (three million) ALL and, in case of repetition, by suspension of the subject's activity for a period of one year. The authority responsible for the implementation of this provision is the State Police.

Music is prohibited in any service environment after 20:00. Failure to comply with this obligation is punishable by a fine of 1,000,000 (one million) ALL and, in case of recurrence, by suspension of the subject's activity for a period of 6 months. The authority responsible for the implementation of this provision is the State Police.

## Entry into force

*Normative Act No.30 has entered into force immediately.*



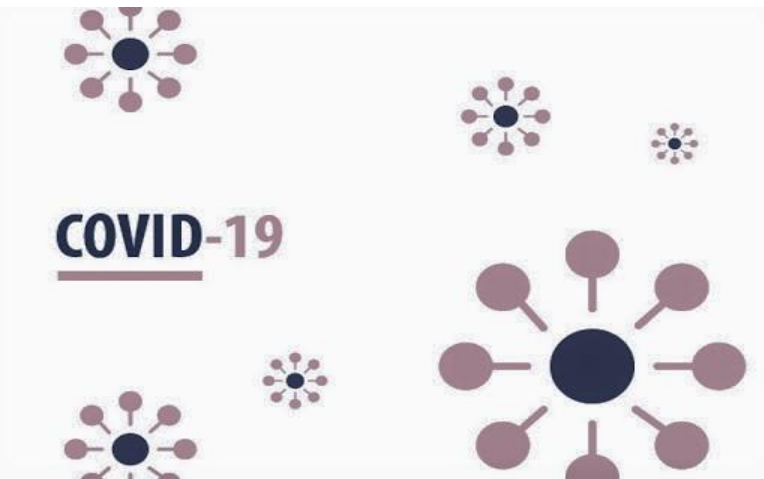
## ❖ Law No.91

Law No.91 provides the extension of the effects of Law No.90/2019 “*On reevaluation of immovable properties*”, until 31 December 2020.

As for the above, all individuals who own real estate have the right to re-evaluate their property at market value until 31 December 2020.

## Entry into force

*Law No.91 enters into force 15 days after its publication in the Official Journal.*





## ❖ DCM No.576

DCM No.576 provides that the minimum registration limit for value added tax shall be the turnover of 10 000 000 (ten million) ALL in a calendar year.

The taxable subject has the right to choose to apply the normal VAT regime if the annual turnover is greater than 5,000,000 (five million) ALL.

### Entry into force

*DCM No.576 has entered into force after its publication in the Official Journal and takes effect on 01.01.2021.*





If you wish to know more on our publications, legal updates, tax updates, legal bulletins, or other articles, you may contact the following:

[contact@mujalaw.com](mailto:contact@mujalaw.com)

**Muja Law Office**

Rr. “Ibrahim Tukiqi”, Nr.2

1057 Tirana

Albania

Mob: +355 69 28 28 562

Web: [www.mujalaw.com](http://www.mujalaw.com)

**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.

---

MUJA LAW

---

*The Legal Update is an electronic publication drafted, edited and provided by Muja Law to its clients, business partners, and other professionals interested in being informed on the latest legal updates. The information contained in this publication is of a general nature and is not intended to address the circumstances of any particular individual or entity. This Legal Update is not intended to be and should not be construed as providing legal advice. Therefore, no one should act on such information without appropriate professional advice after a thorough examination of the particular situation. Although every effort has been made to provide complete and accurate information, Muja Law makes no warranties, express or implied, or representations as to the accuracy of content on this document. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Muja Law assumes no liability or responsibility for any error or omissions in the information contained in this document. Also, feel free to consult the Legal Update on the section “Library” of our website.*

© 2020 Muja Law. All rights reserved.

*This publication is copyrighted and is protected to the full extent of the law. Nevertheless, you are free to copy and redistribute it on the condition that full attribution is made to Muja Law. If you have not received this publication directly from us, you may obtain a copy of any past or future related publications from our marketing department ([muja@mujalaw.com](mailto:muja@mujalaw.com)) or consult them in our website ([www.mujalaw.com](http://www.mujalaw.com)). To unsubscribe from future publications of Legal Update, please send “Unsubscribe” by replying to our email accompanying this edition.*