

**LAW OF THE REPUBLIC OF MOLDOVA
ON NONSTATE PENSION FUNDS**

The Parliament of the Republic of Moldova adopts this Law.

**CHAPTER I.
GENERAL PROVISIONS**

Article 1. The Object of This Law

This Law defines the procedure of creation, operation, and cessation of activity of nonstate pension funds, of exercising control over the activity thereof.

Article 2. Basic Notions

For the purpose of this Law the following notions shall be used and have the following meaning:

Nonstate pension fund (hereinafter referred to as “Fund”):

a noncommercial organization which collects and keeps records of, cash deposits voluntary made by individuals and legal entities, or on their behalf, which ensures accrual of these funds for pension payments.

Fund member (beneficiary):

An individual who makes deposits or on whose behalf another person or the employer makes allocations to the Fund and is entitled to additional pension;

Deposits:

Financial funds deposited or transferred to beneficiary’s pension account.

Individual pension agreement:

An agreement signed between any individual and the Fund, stating that the individual in question joins the Fund’s pension plan;

Collective pension agreement:

An agreement signed between the employer and the Fund on inclusion of employees in the Fund’s pension plan;

Pension plan:

Rules drafted by the Fund and approved by the State Inspectorate for Supervision of Insurance and Nonstate Pension Funds that contain the terms and conditions for making deposits, accumulation of financial funds, investing of assets, procedure for payment of additional pensions and other terms and conditions;

Fund Board:

Supreme body of the Fund responsible for the management of its activity and correspondence of such with the law.

Fund Committee:

A body exerting control over fulfillment of commitments stipulated in the collective pension agreement;

Fund Custodian:

A bank that has the permission of the National Bank of Moldova to accept deposits from individuals, define the procedure of accepting cash deposits and keep the Fund's assets;

Fund Assets Manager:

A bank that has the permission from the National Bank of Moldova to accept deposits from individuals, insurance companies, brokerage firms or investment funds, licensed to manage the Fund assets.

Annuity:

Represents the sum of money accrued by the Fund member and paid to such in compliance with the provisions of this Law.

State Inspectorate for Supervision of Insurance and Non-State Pension Fund (hereinafter referred to as Inspectorate):

A specialized body created under the Ministry of Finance to perform, in addition to the functions in the area of insurance, registration and supervision over the activity of nonstate pension funds in accordance with this Law and other regulatory framework.

Article 3. Fund Creation Principles and Scope

- (1) The Fund shall be created on a voluntary basis with the view of improving the material welfare of citizens at an advanced age, by making additional pension payments to them.
- (2) The Fund shall perform independently from the system of mandatory state social insurance, on the basis of this Law and other regulatory framework.
- (3) The generated investment income shall not be the property of the Fund and may be used exclusively to the best interests of Fund beneficiaries after all relevant administration costs are deducted, but no more than 10% of the investment income.

Article 4. Types of Funds

- (1) Funds can be those of closed and open type.
- (2) Closed and open type funds shall be created under the corporation agreement and may have one or several pension plans.
- (3) In a closed type pension Fund an agreement between all Fund members shall be signed, in accordance with the Civil Code and this Law.
- (4) Member of a closed type Fund can be only a person who at the moment of joining the pension plan is an employee of one or several Fund founders.
- (6) An open type fund may be joined by any individual, directly or through the employer concluding the collective pension agreement with the Fund in compliance with the procedure set forth in this Law.

Article 5. Pension Fund Title

The full title of the Fund shall include:

- a) the words "nonstate pension fund" or the abbreviation thereof "NPF";
 - b) the Fund's concrete title, which distinguishes this Fund from others.
- (2) The full title of the Fund may also contain other information, consistent with the law.

Article 6. Fund Location

- (1) The Fund location shall be deemed the location of its executive body, stipulated in the Fund's Charter.
- (2) The Fund must have a mail address to ensure contact with such.

Article 7. Depositors and Beneficiaries

- (1) Individuals or legal entities to have entered an individual or collective pension agreement with the Fund, according to which the given individual makes deposits in the favor of the beneficiary, shall be recognized as depositors of the Fund.
- (2) An individual for the benefit of whom deposits are made and additional pension is paid shall be acknowledged as Fund beneficiary.
- (3) The same person may be both a depositor (individual) and beneficiary of the Fund.

Article 8. Pension Account

- (1) Pension account shall be the main financial document that reflects deposits made, investment income, allocations for administrative costs and shall be kept for each beneficiary in a form of individual pension account or by the beneficiary in a form of a consolidated pension account.
- (2) Funds shown in pension accounts shall be the property of the beneficiary.
- (3) The rules for maintaining pension accounts shall be defined by the Fund and approved by the Inspectorate.

CHAPTER II

FUNDS CREATION AND REGISTRATION

Article 9. Fund Creation

The Fund shall be created with Inspectorate cooperation, by closing a corporation agreement.

Article 10. Founders

- (1) A founder of a closed type Fund may be any individual or legal entity meeting all corresponding criteria set forth by the Government.
- (2) Founders of an open type Fund can be the following:

- a) banks having an authorization from the National Bank of Moldova to accept deposits from individuals,;
- b) insurance companies registered in the Republic of Moldova and licensed by the Inspectorate to perform as a Pension Fund Asset Managers;

- (3) The number of founders of the Fund is not limited.
- (4) The Fund may also be created by one founder only.

Article 11. Constituency Agreement

- (1) The constituency agreement shall establish the terms and conditions for founders to conduct a joint activity upon creation of the Fund.
- (2) The Agreement shall include the following:
 - a) family name, number of documents stating the identity of the founders (title, number of state registration certificate), their place of residence (location), citizenship (place of registration), as well as other necessary data about the founder;
 - b) full and abbreviated name of the Fund which is being created, its type, and location;
 - c) purpose and object of Fund activity;
 - d) procedure and deadlines of Fund creation, founders duties and liabilities;
 - e) list of founders entitled to submit applications on Fund registration.
- (3) The Constituency Agreement may include and other data not conflicting with the law.
- (4) The Constituency Agreement shall be signed off by all founders and notarized according to the established by the law procedure.
- (5) The decision to create the fund by one person shall be perfected in a form of a Statement on Fund Creation. The Statement must contain the same data and be prepared in the same manner as the Constituency Agreement.

Article 12. Fund Charter

- (1) The Fund founders shall adopt the Charter of the Fund which must contain the following:
 - a) indication on the Fund type;
 - b) Fund's obligations and liability before its members;
 - c) procedure for signing and terminating the agreement on joining and leaving the pension plan;
 - d) sequence of Fund's management creation and functioning;

- e) procedure on maintenance of the pension accounts of the Fund members;
- f) procedure on compensation of Fund costs;
- g) other required information related to Fund's activity and consistent with the law.

(2) The Charter shall be approved by the Inspectorate within 30 days as of the day of constituency documents filing.

(3) Any amendments and additions to the Charter of the Fund may be made following the terms and conditions stipulated in paragraph (2) of this Article, given that these do not worsen the status of the Fund beneficiaries or restrict their rights.

Article 13. Fund Registration

- (1) The Inspectorate shall complete the Fund's state registration, as provided by the legislation.
- (2) The Fund shall acquire the rights of a legal entity upon its state registration.

CHAPTER III

FUND PERFORMANCE

Article 14. Pension Agreement Closure

- (1) Relations between depositors, beneficiaries, and the Fund shall be regulated by a pension agreement signed between the Fund and the depositor, under which the depositor and the Fund fulfill obligations in the favor of the beneficiary in accordance with the chosen pension plan.
- (2) The pension agreement must contain the following:
 - a. name of parties;
 - b. object of agreement;
 - c. rights and obligations of parties;
 - d. pension plan;
 - e. liability of parties for failure to meet their obligations;
 - f. agreement validity and terms and conditions for its termination;
 - g. procedure on settling disputes;
 - h. requisites of parties.
- (3) The pension agreement may contain other provisions that do not contradict the law.
- (4) The form and procedure to sign a pension agreement shall be regulated by the documents issued by the Inspectorate.
- (5) The pension agreement must meet all general transaction validity terms, stipulated by civil law.
- (6) The pension agreement shall be effective as of its registration. The Government shall determine the procedure on pension agreements registration.

Article 15. Individual Pension Agreement

- (1) The Individual Pension Agreement shall be signed between the individual and the Fund on this individual joining Fund's pension plan.
- (2) The Fund's open type management shall bear responsibility for the signing and keeping record of the individual pension agreements

Article 16. Collective Pension Agreement

- (1) The Collective Pension Agreement on employees joining the Fund's pension plan shall be signed by the employer and the Fund.
- (2) The collective pension agreement on granting membership of a open or closed type Fund shall be signed in cases of:
 - a) employer creating a Fund for its employees;
 - b) employer's participation as a founder of the open type Fund under an agreement on joining with its own pension plan;
 - c) employer joining the open type Fund.

- (1) When an employer creates a closed type Fund for its employees, the right to join the pension plan shall apply to all employees of this economic unit meeting the terms and conditions set forth in the pension plan.
- (4) All depositors and beneficiaries, to whom paragraph (3) of this Article applies, shall be on equal terms. No discrimination related to race, nationality, ethnic origin, language, sex, religion, views, political affiliation, property status, or social origin shall be allowed

Article 17. Agreement Invalidity

The Individual or Collective Pension Agreement contradicting the provisions of this Law and other regulatory framework shall be acknowledged null and void. .

Article 18. Pension Plan

- (1) The pension plan shall be the basis of the pension agreement.
- (2) A pension plan must contain the following:
 - a) title of the pension plan;
 - b) persons in charge of management and implementation of the pension plan, their functions;
 - c) terms and conditions for joining or leaving the pension plan;
 - d) procedure for making contributions and liabilities in case the procedure is violated;
 - e) procedure for keeping individual accounts, accounting of deductions and pensions assets;

- f) financial resource investment rules;
- g) procedure for distribution of investment income;
- h) age allowing to receive additional pension payments;
- i) procedure for paying additional pensions;
- j) Procedure for covering the Fund's administrative costs and notifying the pension plan participants about assets and costs;
- k) other information.
- i) procedure on covering Fund's expenses and notification of pension plan members on assets and expenses;
- j) other data required by the pension plan.

Article 19. Joining the Pension Plan

- (1) The pension plan joining is voluntarily-based.
- (2) Fund members to have joined a certain Pension Plan shall enjoy the right to the pension assets .
- (3) Fund members may individually participate in a pension plan, having closed an individual pension agreement with the Fund or a collective pension agreement through his/her employer.
- (4) The pension plan joining shall occur as provided by the Inspectorate.

Article 20. Cessation of Fund Membership

- (1) Where the employer, upon indisputable consent of Fund Committee, wishes to terminate the collective pension agreement to transfer the pension assets of employees to other Funds, this shall submit an application to the Fund Board and Inspectorate no later than 6 months in advance.
- (2) Where the individual employment agreement with the employee is terminated, the employer's application on transferring the employee's assets to another Fund shall be submitted to Fund Board by the end of calendar year.
- (3) In case of membership cessation, the applicant's assets shall be transferred to another Fund upon his/her written application, submitted not later than one month before expiration of pension agreement. Such application shall be submitted to the Board of his/her Fund or, if needed, to the Committee of the relevant Fund, in case the member is part of the pension plan under a collective pension agreement.
- (4) In all cases where an application for the transfer of assets is submitted to the employer who makes contributions to the Fund on behalf of his/her employees, the transfer in question shall only be done given the Inspectorate's consent.

RIGHTS AND OBLIGATIONS

Article 21. Rights of Depositors and Beneficiaries

(1) Depositors and beneficiaries of the Fund shall be entitled to:

- a) get quarterly information on the status of pension accounts;
- b) transfer funds from the pension accounts to other funds, following the procedure and terms envisaged in agreements between the Fund and the depositors;
- c) appeal the actions of the Fund, its bodies, and executive officials in the manner established by the existing law;
- d) enjoy other rights provided by law, pension plan, and agreements.

(1) The beneficiary shall have the right to cease participate in the pension plan and request the transfer of its asset to other pension plan. This transfer is possible once a year given the Fund's performance results at the end of the fiscal year.

Article 22. Fund Obligations

The Fund shall:

- a) operate in strict compliance with its charter;
- b) familiarize the depositors and beneficiaries with the investment plan;
- c) provide to beneficiaries and depositors data on pension accounts no less than once a quarter;
- d) transfer, at the request of a depositor or beneficiary, cash reflected in the pension account to another Fund in compliance with terms and conditions provided for in the pension agreement;
- e) not take unilateral decisions exacerbating the position of Fund depositors or beneficiaries.

Article 23. Information Non-Disclosure

The Fund shall guarantee non-disclosure of information on pension accounts and payments of additional pensions. This information can be disclosed to third parties only upon request of law and taxation authorities, in cases stipulated by the law.

CHAPTER V

FUND ADMINISTRATION BODIES

Article 24. Fund Board

- (1) The Board shall be the supreme body of the pension Fund.
- (2) The Board shall be in charge of its management and operation in compliance with the law, its Charter, pension plans, and instructions issued by the Inspectorate.

- (3) The Fund Board shall include two or several members. In the case of an open type Fund the Board members shall be appointed by the founder(s). In case of a closed type Fund, the Fund Board shall be selected to have an equal number of founder(s) representatives and fund members.
- (4) Members of the Fund Board shall be elected for 3 years with the right of re-election
- (5) The Fund Board shall:
 - a) adopt decisions on fulfillment of its Charter objectives and tasks;
 - b) inform all beneficiaries on their rights and obligations;
 - c) appoint the President and his/her Vice President from the members of the Fund Board;
 - d) appoint the manager, fund assets custodian and auditor;
 - e) perform any other functions in compliance with the fund's regulation.
- (1) The Fund Board is entitled to authorize the assets manager to manage the Fund and its current activity, provided that such person meets all requirements provided in this Law, regulations, and instructions issued by the Inspectorate.

Article 25. Fund Committee

- (1) The employer shall create the Fund Committee jointly with his employees who joined the open type pension fund in compliance with the collective pension agreement and pension plan.
- (2) The number of Committees created within a pension Fund must coincide with the number of collective pension agreements signed with the pension Fund.
- (3) The pension Fund Committee must be created at least three days before the procedure on joining the open type pension Fund has started.
- (4) The pension Fund Committee shall have at least two members, representing the employer and the employees on parity basis.
- (5) The employees representatives cannot be protested by the employer.
- (6) The employer has the right to act as representative in the Committee individually or delegate such functions to other persons.
- (7) The Fund Committee's activity shall be regulated by its regulation approved by the Government.

Article 26. Fund Committee Functions

- (1) The Fund Committee shall:
 - a) provide the Fund Board with all information necessary to implement the pension plans;
 - b) defend the Fund member interests before the Fund Board and the third parties;
 - c) exercise, within the confines of its competence, control over fulfillment of obligation by the Fund, employer and, employees, provided in the collective pension agreement;

- d) timely inform employees and employers on proper execution of collective pension agreement and transfer of contributions to the fund;
 - e) every half a year, submit the Fund Board a report on pension plans execution.
- (2) The Fund Committee has the right to request from the Fund:
- a) amendment and supplementing, as might the necessary, of the rules and orders issued by the pension fund;
 - b) execution of measures preventing potential losses upon investment of financial resources;

CHAPTER VI

FUND ASSETS

Article 27. Fund Assets Appraisal

- (1) The assets shall be appraised at least once a month, within the deadlines set forth by the Inspectorate.
- (2) The Fund, upon expiration of 24 months as of the date of assets accrual, must quarterly calculate the cost efficiency of such.

Article 28. Fund Assets Custodian

- (1) The Fund shall choose a custodian to entrust the custody of its assets under a custodian agreement.
- (2) The Fund's custodian may be a bank authorized by the National Bank of the Republic of Moldova to accept individuals' deposits.
- (3) The Fund assets custodian shall:
 - a) directly accept the financial resources onto the Fund's accounts, receive and keep securities, deposit certificates, payment documents, other documents confirming the availability of financial funds and other securities, execute orders on transfer of Fund assets;
 - b) clear payments with funds, receive and transfer the securities for transactions completed by the assets manager;
 - c) exercise control on how the Fund assets manager observes the provisions of this Law, assets investment rules provided in the pension plan, other activity performed by the manager and requiring corresponding license;
 - d) submit to the Fund's Board data on calculation and accounting of shares in the assets of each pension member plan, irrespective of whether he/she signed an individual or a collective pension agreement.

- (1) Agreements on safe custody of funds, securities and other Fund's wealth signed between the Fund's Board and the custodian shall be signed, amended, supplemented or terminated with coordination of the Inspectorate.
- (2) In a closed type Fund the custodian and the founder of the Fund should not be affiliated persons.
- (3) The procedure on calculation and accountability of assets shall be determined by each Fund separately and shall become mandatory after approval of the Inspectorate.

Article 29. Fund Assets Manager

- (1) Management of assets accumulated by the Fund, as well as investment of new deposits and investment income shall be carried out by the assets manager licensed by the Inspectorate.
- (2) The Fund is entitled independently to elect an assets manager.
- (3) The founder of a closed type Fund and its assets manager may not be affiliated persons.
- (4) The Fund assets manager shall:
 - a) ensure implementation of the investment policy approved by the Fund in compliance with the provisions of this Law and shall perform other transactions with the Fund's assets;
 - b) bear responsibility for accuracy and legitimacy of transactions completed with pension assets;
 - c) permanently inform the Fund about changes in its financial stance.
- (2) Terms of investment of the Fund assets shall be set forth in an agreement signed between the Fund and the assets manager.

Article 30. License for Assets Management

- (1) The license to manage the Fund's assets shall be issued under an application filed with the Inspectorate by the Fund. The documents provided in the Government-approved Regulation shall be annexed thereto.
- (2) As to receive a license for assets management the claimant for the assets manager position shall place on the suggested by the National Bank of Moldova special account a sum not lower than \$USA 250 thousand calculated in Moldovan Lei. This amount shall be used to cover the damages caused as a result of illegal actions or negligence of manager and other officials based on the court's decision.
- (3) As to provide additional guarantees for compensation of eventual loss mentioned in paragraph (2), the manager shall invest assets, exceeding the mentioned in paragraph (2) amount in state securities that are in circulation.
- (4) The manager's personal assets shall be not less than 1% of the total value of the pension Fund's assets.

- (5) The government shall set forth the licensing procedure for Fund assets management and supervision over manager's activity.

Article 31. Fund Members Guarantees

- (1) Funds, deposited by the Fund's members, shall be their ownership and shall be transferred to his/her individual pension account.
- (2) The Fund's member shall have the right to the entire amount accumulated on his/her pension account.
- (3) Pension assets accumulated on the personal accounts may not become ownership of the assets manager or custodian.
- (4) Where the Fund or custodian goes bankrupt the funds belonging to the Fund's members must be separated from those of the Fund or custodian.
- (5) The funds of beneficiaries shall be used exclusively to their interests.

CHAPTER VII

ADDITIONAL PENSION PAYMENT

Article 32. Fund Member's Right to Choose the Annuity Supplier

- (1) The Fund member is free to choose the annuity supplier.
- (2) The Fund must transfer the funds accrued by the fund member to the annuity supplier from which this member wants to acquire the annuity, providing that the later presented an advance notice not later than 14 days following the revocation date.

Article 33. Annuity Selection Right

- (1) The beneficiary has the right to chose one of the following methods of annuity receipt:
 - a) transfer to the beneficiary's social insurance personal account, opened in the state Pension Fund of the state mandatory social insurance system;
 - b) payment of an insurance policy acquired at the insurance company (life annuity);
 - c) cash payment.
- (2) The Inspectorate shall define the procedure on transfer of financial funds accumulated by the beneficiary to the annuity supplier.

Article 34. Pension Assets Transfer and Payment

- (1) The pension assets accumulated by the beneficiary shall be transferred or paid by such upon his retirement age.

- (2) The pension assets accumulated before the pension age may be transferred or paid if:
- a) during the membership with the Fund the beneficiary is given a lifetime I group disability;
 - b) Fund member dies.
- (3) Where the member prematurely dies before he/she reaches the retirement age, the right to the accumulated by the deceased assets shall pass to his/her heirs as provided by law.
- (4) The heirs shall have the right to:
- a) adhere to the pension plan within the confines of the inherited assets; and
 - b) receive the inherited assets in cash.

CHAPTER VIII

FUND ASSETS INVESTMENTS

Article 35. Investment Principles

- (1) The Fund's assets shall be invested in compliance with the provisions of this Law for the purpose of maximization of the investment income exclusively to the benefit of the members and by observing the following principles below:
- a) Fund's assets safety;
 - b) investments diversity;
 - c) adequate liquidity maintenance.
- (2) As to accomplish the principles listed in paragraph (1) herein, the Inspectorate, based on professionals' consulting, shall define the directions and concrete size of investments, investment procedure, persons in charge of decision-making and investments, likewise the procedure to adopt these decisions.

Article 36. Investment Areas

The Fund's assets may be invested by abiding articles 35 and 37 and the currency regulatory framework, exclusively in:

- a) monetary assets, including banking accounts and deposits in banks licensed by the National Bank of Moldova to perform financial activity and that have not signed an agreement providing correction measures or with regard to which the National Bank of Moldova issued a corresponding order and which statutory capital is equal to an amount equivalent to no less than US \$10 million calculated in Moldovan Lei;
- b) state securities;
- c) state securities registered by the National Securities Committee and that are in demand on the stock exchange;

- d) securities issued and registered in the Republic of Moldova by the Joint Stock companies;
- e) state bonds issued by foreign governments and indexed foreign funds that have high international rating, providing that there is an authorization of the National Bank of Moldova;
- f) other investments areas provided in the Regulations issued by the Inspectorate.

Article 37. Assets Investment Requirements

Any assets invested under article 36 must meet the following requirements:

- a) for assets listed in Article 36 (c), the percentage invested must not exceed 50% of the total value of Fund assets;
- b) for assets listed under Article 36 (d), the percentage invested must not exceed 5% of the total value of Fund assets;
- c) for assets listed under Article 36 (e), the percentage invested must not exceed 15% of the total value of Fund assets;
- d) in case of one issuer in any investment area provided in article 36 there may be invested:
 - an amount not exceeding 5% of the total value of Fund assets;
 - an amount not exceeding 5% of the total value of assets of the issuer in question.

Article 38. Maximum Percentage of Invested Assets

- (1) The Inspectorate may fix the maximum percentage of Fund assets to be invested in a concrete area of investment listed in Article 36.
- (2) The Inspectorate may fix the maximum percentage of Fund assets to be invested in securities of a concrete Joint Stock Company
- (3) The Inspectorate may not set a minimum percentage which the Fund can invest in certain assets.

Article 39. Right to Vote

- (1) The Fund shall have the right to vote at the shareholders general meetings of Joint Stock Companies in which Fund assets are invested.
- (2) The Fund may delegate the Fund assets manager or the custodian to exercise its right of vote, as deemed appropriate.
- (3) The vote must be given in favor of Fund members exclusively.

Article 40. Assets Investment Bans

The Fund assets cannot be invested in the following:

- a) securities not rated or involved in transactions on organized markets;

- b) assets which, according to the law, cannot be alienated;
- c) assets of Joint Stock Companies, which are not rated on organized markets and which evaluation is doubtful;
- d) real estate or any right connected therewith;
- e) securities issued by:
 - Fund founders;
 - Fund assets manager;
 - Fund assets custodian;
 - affiliated person.

(2) The Inspectorate may provide for additional bans on Fund's investments for the purpose of protecting the interests of its members.

Article 41. Bans on Operations with Assets

The Fund has the right to:

- a) sell assets;
- b) purchase assets;
- c) offer credits or guarantees.

CHAPTER IX

FUNDS PERFORMANCE SUPERVISION

Article 42. State Inspectorate for Supervision of Insurance and Nonstate Pension Funds

- (1) (1) The State Inspectorate for Supervision of Insurance and Nonstate Pension Funds created through reorganization of State Insurance Supervisory Inspectorate shall supervise the funds activity.
- (2) The Inspectorate is a specialized authority under the Ministry of Finance that performs in compliance with the Law on Insurance and this Law.
- (3) Along with completion of tasks and functions in the field of insurance, the Inspectorate shall protect the interests of the Funds members.

Article 43. Key Inspectorate Obligations

- (1) In the area of Funds activity supervision the Inspectorate shall:
 - a) keep the funds registry;
 - b) issue, revoke and cancel the licenses of the fund assets manager;
 - c) cooperate with the National Bank of Moldova, National Securities Committee, and other organizations to ensure efficient supervision of Funds activity;
 - d) organize and develop the system of nonstate pension funds;

- e) inform and educate people about the goals and principles of Funds' operation;
- f) ensure drafting and issuance of regulations, instructions, and other documents related to Funds activity;
- g) perform other activity in compliance with this Law and regulation thereof.

(2) The Inspectorate activity shall be regulated by the Government.

Article 44. Inspectorate Organizational Structure

- (1) The Inspectorate organizational structure shall be approved through a Government Decision upon proposal of the Inspectorate's President.
- (2) The Government shall designate or dismiss the President of Inspectorate.
- (3) The mandate of Inspectorate's President shall be 7 years. The President may be redesignated again upon mandate's expiration.

CHAPTER X

MONITORING AND ACCOUNTING

Article 45. Fiscal Year

The fiscal year shall start on January 1 and end on December 31. The first fiscal year shall start as of the day of Fund's creation.

Article 46. Accounting

- (1) The Fund shall conduct accounting and manage its financial performance following the procedure defined by the Ministry of Finance.
- (2) The Fund's Annual Financial Statement shall be certified by an independent auditor.
- (3) The Fund's fiscal performance shall be audited, as provided by the legislation.
- (4) The Fund shall submit the statistical reports and financial statement as provided.
- (5) The Fund shall, each year by March 1, prepare a report reflecting the status of the assets transferred to its account, funds for administrative costs and use thereof for the expired year. The report shall be published in press.

CHAPTER XI

FUND REORGANIZATION AND LIQUIDATION

Article 47. Fund Activity Cessation

- (1) Operation of the Fund can be terminated through its reorganization or liquidation.
- (2) Reorganization or liquidation of the Fund shall be regulated by this Law, Regulation and the Fund's Charter.

Article 48. Fund Liquidation

- (1) The Fund shall be liquidated in compliance with:
 - a) a decision of the Fund Board coordinated with the Inspectorate provided that all the obligations before the depositors and beneficiaries of the Fund have been fulfilled;
 - b) court decision upon Inspectorate request.
- (2) The Fund liquidation under (1)(a) shall be completed by the Liquidation Committee appointed by the Fund Board with Inspectorate's consent.
- (3) Financial rights held by the beneficiary at the moment of the Fund liquidation shall be valid unless completely paid.
- (4) Procedure of Fund liquidation, likewise the functions of the Liquidation Committee shall be governed by the Fund Regulation.

Article 49. Assets Manager, Custodian or Employer Insolvency or Bankruptcy

- (1) Where the assets manager, custodian are found insolvent or bankrupt or the license is revoked, a new assets manager or custodian shall be appointed following the Inspectorate decision.
- (2) Where the employer making pension contributions is found insolvent or bankrupt the collective agreement to join the pension plan shall be suspended.
- (3) The collective agreement shall regain its effect if the new employer undertakes the rights and obligations before the members of the Fund.

CHAPTER XII

TAXATION AND DISPUTES SETTLEMENT

Article 50 Taxation

The fund members deposits and investment income shall be taxed in compliance with the Taxation Code.

Article 51. Dispute Settlement

Disputes with respect to application of this Law shall fall within the competence of the Inspectorate and courts, as provided by the legislation.

CHAPTER XIII

LIABILITY AND SANCTIONS

Article 58 Offenses

The following actions shall be regarded as offenses:

- a) presentation of false information or refusal to offer information on investments and the status of pension assets;

- b) inclusion of false information in financial statements;
- c) beneficiary's presentation of fake or incomplete documents as to receive the accrued means ahead of time;
- d) stealing of the accrued to the pension Fund funds under fake or incomplete documents;
- e) employer's failure to transfer deductions on salaries to the pension Fund;
- f) officer's disclosure of confidential information;
- g) fund assets manager's, custodian's or auditor's deliberate action to have caused damages to the Fund's members.

Article 53 Liability

The culpable shall incur material, property, discipline, administrative, and criminal liability according to the effective legislation for violation of this Law or other laws and regulations flowing from such.

CHAPTER XIV

FINAL PROVISIONS

Article 54.

(1) The Government within three months shall:

- a) submit to the Parliament proposals to amend the legislation as flown form this Law;
- b) bring its regulatory framework in compliance with this Law;
- c) based on this Law, adopt appropriate normative, as well as other documents regulating the activity pertinent to creation and operation of nonstate pension funds.

(2) Within 6 months as of enactment of this Law, bring the activity of all insurance companies and other such organizations in compliance with the provisions of this Law upon signing agreements on additional pensions insurance.

(3) Agreements, closed prior to enactment of this Law, must comply with its provisions and the documents issued by the Inspectorate.

Parliament Chairman

Dumitru Diacov

*No. 329-XIV
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Chisinau*