

Albania

Chamber of commerce:

The Chamber of Commerce and Industry of Tirana

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Sokol Elmazaj Boga & Associates Tirana

Securities market, securities issuance, brokerage and dealing activities in the Republic of Albania are governed by the Securities Law 8080 dated March 1 1996, as amended, and the Commercial Companies Law 7638 dated November 19 1992, as amended.

The Securities Commission (the Commission), founded on March 16 1996, is the regulatory body governing the licensing, supervision and monitoring of securities market activities, and those of its service providers. It has the power to make all the necessary inspections, and has the discretion to interpret its responsibilities pursuant to the law and to issue related instructions and regulations.

The Commission is required by law to treat as confidential information received under the supervisory process, and only to disclose information in certain defined circumstances (because of agreements with other national or foreign supervisory institutions for the official exchange of data, or when it is so required by law).

In a public offering of securities, the issuers are required to prepare and distribute a prospectus. Issuers must file the prospectus with the Commission at least 21 days before the offering date. Only after due registration and approval by the Commission can the prospectus be made available to the public.

The prospectus must disclose information on certain specific topics relating to the issuer and the offer, such as persons responsible for the prospectus and advisers to the offer, assets and liabilities, financial situation, profits and losses, rights attaching to securities subject to offering, the issuer's administration and management, recent developments in the issuer's business and prospects related to those developments. The prospectus must also disclose information concerning the nominal value of the securities, and any other information about the issuer and the securities that would be material to an investor's decision.

The issuer is required to take legal responsibility for the content of the prospectus. The issuer's directors, or any other person responsible for the prospectus, will be liable for damages caused to any person who has acquired any of the securities to which the prospectus relates and suffered losses resulting from any untrue or misleading statement or omissions in the prospectus. Listed companies are also required to prepare periodic reports.

The issuer should meet certain criteria before being listed. If the issuer is Albanian, the issuer must be set up in the form of a joint-stock company (*société anonyme*) (in Albanian, *shoqëri anonime*) and must have its shares held and registered at an independent entity. In Albania there is only one such centre – the Centre for Share Registration. It is a state-owned entity.

Where the issuer is a foreign company it can only be listed in Albania if it is also listed on a stock exchange in its country of origin.

The issuer has to show pre-tax profits for the past three financial years. The issuer's financial statements, audited and certified by an authorized chartered accountant, must evidence these figures.

The issuer must offer to the public at least 20% of the entire subscribed share capital, and at least 50 potential buyers must be interested in the offer. The securities offered by the issuer must be freely transferable.

Similar criteria apply to issuers to be listed in the secondary market. The offer to the public should be not less than 15% and the issuer must show profits for at least the past financial year.

Issuers are subject to a general and continuing obligation to disclose promptly any material information that would significantly affect the price of their securities.

The law requires licensing to conduct business as a market intermediary. Market intermediaries are subject to a duty of confidentiality not to disclose any information about the client or to use information about the client's investment activities to profit the intermediary.

Albanian stock exchanges must be organized by legal entities that are licensed by the Commission. Albania only has one stock exchange, which is in Tirana, the country's capital city. It is organized by a joint-stock company – Tirana Stock Exchange SHA – which is a state-owned company.

The most common securities dealt with by the Tirana Stock Exchange are treasury bills, and banks are the most common intermediaries on the exchange. The stock market is not yet developed in Albania – hardly surprising given that the country only introduced the free market system 15 years ago. The legal framework covering the securities market has not been reformed during recent years, and needs improvement, as does the commercial company law. At the time of writing, a new commercial company law is being drafted, which is aimed at governing the most frequent issues experienced over the past 15 years.

Corporate and commercial

Recommended firms

Tier 1

Boga & Associates

Kalo & Associates

Loloçi & Associates

Studio Legale Tonucci

Wolf Theiss

Boga & Associates

One of the largest firms in Albania, Boga is associated with KPMG International and is praised by one top practitioner as “certainly an excellent firm”. Heading a talented team of 12 lawyers, founding and managing partner Genc Boga is highly regarded by the market for his motivation and expertise, and is described by one peer as a “very capable lawyer”. The firm benefits from its association with KPMG, as well as its membership of the American Chamber of Commerce in Albania.

Boga & Associates boasts an excellent list of clients, including Italian Albania Bank, ProCredit Bank, Alcatel Italia, Seament Albania and First Investment Bank. In the past 12 months the firm advised two international financial institutions on acquiring the shares of a state-owned insurance company, provided a due diligence report for a leading Hungarian bank in connection with its tender for the largest state-owned bank in Albania, acted as local counsel for a major corporation on a syndicated loan provided by the Opec Fund, Alfa Bank and a consortium of banks, and advised a leading oilfield services company on the development of an oilfield site in Albania.

Boga & Associates has also prepared a study entitled *Administrative Barriers to Investment in Albania* on behalf of two international financial institutions, and advised a leading global financial institution regarding the development of the *Albanian Solvency Manual*.

Leading lawyer

Genc Boga

Key contact partners

Genc Boga

Vojo Malo

Kalo & Associates

The “always professional” and “very efficient” Kalo & Associates is one of the largest and most well-established law firms in Albania. Founding and managing partner Perparim Kalo is highly regarded by the market for his “quick advice,” and one client noted that it was “very pleased with the service” provided by the firm’s lawyers. Kalo & Associates has recently expanded its knowledgeable team of 17 lawyers by hiring four new associates.

Kalo & Associates’ excellent corporate and commercial practice attracts some of the most desirable clients in the market, including ABN Amro, the European Bank for Reconstruction and Development (EBRD), Deutsche Bank, Visa International,

Diners Club International, Western Union and Vodafone Albania. The firm is the co-founder of the South East Europe Legal Group (a professional legal network) and collaborates with international heavyweights such as Clifford Chance, Baker & McKenzie and Freshfields Bruckhaus Deringer.

Over the past year Kalo & Associates has won a raft of corporate and commercial mandates. Among these, the firm has advised the Albanian government on two deals: the \$126 million sale of all its shares in Albania’s Savings Bank to Raiffeissen Bank, and the €5.2 million (\$6.3 million) sale of the three-star Hotel Tirana International to a consortium of Albanian investors. It also acted on the €20 million acquisition of 39% of Insig, Albania’s largest insurance company, by the EBRD and the International Finance Corporation.

In project finance, meanwhile, Kalo & Associates acted for Hochtief Airport on a €100 million bid for the concession of the International Airport of Tirana, which closed in December 2004, advised on a €70 million financing involving General Electric and ABN Amro to modernize the Tirana-Durres-Rinas railway line, and represented leading electric utilities provider, Iberdrola, on a €10 million project to improve Albania’s electricity distribution network.

Leading lawyer

Perparim Kalo

Key contacts

Jola Gjuzi

Jonida Lakuriqi

Loloçi & Associates

Loloçi & Associates is smaller than its competitors, but this is seen as an advantage by one corporate client, who says it means the firm can be “more personally involved in deals, which makes a difference”. The firm offers “timely advice” in all areas of financial law, with a particular focus on corporate, commercial, and intellectual and industrial property. Clients of the firm include local and international corporations such as Vodafone Albania.

With a growing practice of two partners and six associates, the firm is managed by the “very reliable and very professional” Krenar Loloçi and Kathleen Imolz. Imolz was the first foreign practitioner to be formally admitted to the Bar of Albania. The firm is a member of Albania’s American Chamber of Commerce.

Leading lawyer

Krenar Loloçi

Key contact partners

Kathleen Imholz

Krenar Loloçi

Studio Legale Tonucci

Active in Albania since January 1996, the Albanian office of Italian firm Studio Legale Tonucci has developed proficiency in

all areas of financial law, including banking, and mergers and acquisitions. The firm's expertise and international capabilities attract some of the most desirable clients in the market, such as the European Bank for Reconstruction and Development (EBRD), the International Financial Corporation (IFC), Raiffeisen Bank and Albtelecom. The firm's Albanian office houses a team of nine lawyers, managed by the experienced and well-known Berardino Apicella.

Studio Legale Tonucci teamed up with international firm Linklaters to advise Raiffeisen Bank on its \$126 million acquisition of Albania's Savings Bank from the Albanian government, which was advised by Kalo & Associates. Other deal highlights over the past year include acting for the Opec Fund on a syndicated loan to a large corporation granted by a consortium of banks, which closed in September 2004.

Leading lawyers

Valerio Abbagnara
Berardino Apicella
Mauro Baldissoni

Key contact partner

Berardino Apicella

Wolf Theiss

Since taking over international firm Allen & Overy's Albanian operation in February 2004, the Austrian firm Wolf Theiss has been making steady headway into the market, and is recognized by one contemporary as being "increasingly active". The Albanian team, led by experienced managing partner Dieter Spranz, has grown quickly, its staff tripling to six lawyers.

Wolf Theiss provides quality advice in all areas of corporate and financial law, with a particular expertise in mergers and acquisitions. The firm boasts an excellent list of clients that includes supranational organizations such as the European Bank for Reconstruction and Development and the International Financial Corporation, international companies such as Porsche, and high-profile local clients such as the Albanian Reconstruction Equity Fund and the Albanian government.

A successful year has seen the firm advising the Albanian government on the €100 million (\$121.5 million) financing, in December 2004, arranged in connection with the concession of Tirana's international airport. The firm also acted for Porsche Austria on its entrance into the Albania market, and advised the Kosovo Trust Agency on a number of substantial privatization transactions.

Key contact partners

Enyal Shuke
Dieter Spranz