

## Delegated legislation

### **Decree**

Having regard to article 59 of the Andorran Constitution, under which the General Council can, by means of a law, delegate the exercise of its legislative function to the Government.

Having regard to the delegation of legislation to the Government established in the eighth final provision of Law 17/2019 of 15 February amending Law 8/2013 of 9 May on the organisational requirements and operating conditions for entities operating within the financial system, investor protection, market abuse and financial collateral arrangements, under which the Government is entrusted to publish in the Official Gazette of the Principality of Andorra (BOPA), within six months of the said Law coming into force, the recast text of Law 10/2013 of 23 May on the Andorran National Institute of Finance (INAF).

Whereas, in fulfilment of the eighth final provision of Law 17/2019, this legislative Decree recasts the content of Law 10/2013 of 23 May on the Andorran National Institute of Finance (INAF), including the amendments deriving from Law 16/2016 of 20 October amending Law 10/2013 of 23 May on the Andorran National Institute of Finance (INAF); Law 27/2018 of 25 October amending Law 8/2018 of 17 May on payment services and electronic money; Law 12/2018 of 31 May amending Law 10/2013 of 23 May on the Andorran National Institute of Finance (INAF); Law 27/2018 of 25 October amending Law 8/2018 of 17 May on payment services and electronic money; Law 35/2018 of 20 December on solvency, liquidity and the prudential supervision of banking entities and investment entities, and Law 17/2019 of 15 February amending Law 8/2013 of 9 May on the organisational requirements and operating conditions for entities operating within the financial system, investor protection, market abuse and financial collateral arrangements and, to guarantee clarity when consulting this legislative Decree and preserve legal certainty, indicates from which of the said laws each of the provisions arises. Moreover, any supplementary provisions which have been voided due to their transitional nature or subsequent legislative amendments are not included.

At the proposal of the Minister of Finance, the Government, in its session on 17 July 2019, approved the following Decree:

### **Single article**

It is ordered to publish in the Official Gazette of the Principality of Andorra (BOPA) the recast text of the Law on the Andorran National Institute of Finance (INAF).

### **Single final provision**

This Decree enters into force on the day of its publication in the Official Gazette of the Principality of Andorra (BOPA).

Published for public information.

Andorra la Vella, 17 July 2019

Xavier Espot Zamora  
Head of Government

## Recast text of the Law on the Andorran National Institute of Finance (INAF)

### **Chapter One. Nature, purpose and functions**

#### Section One. General provisions

##### **Article 1. Nature and legal system**

The Andorran Financial Authority (hereinafter the AFA) is a public law body with its own assets, own legal personality and full capacity to act publicly and privately, independently from the general Government administration, to exercise the functions attributed to it under this Law, under Law 12/2017 of June 22 on the regulation and supervision of insurance and reinsurance in the Principality of Andorra and under current legislation.

In particular, the AFA exercises the functions of supervisory and control authority over the financial system and the insurance and reinsurance system of the Principality of Andorra.

##### **Article 2. Headquarters**

The AFA's headquarters is established in the territory of the Principality of Andorra.

#### Section Two. Mission, objectives, functions and competences

##### **Article 3. Mission and objectives within the Andorran financial system**

1. The AFA is the Andorran financial system authority.
2. The main objectives of the AFA are:
  - a) to promote and safeguard the proper functioning of the Andorran financial system;
  - b) to safeguard the stability and reputation of the Andorran financial system, foster confidence in it and contribute to reducing the systemic risk arising from credit events in the entities operating within the financial system themselves and/or their counterparties;
  - c) to ensure adequate protection of clients and investors;
  - d) to foster the competitiveness of the Andorran financial centre on a national and international level;
  - e) to help reduce the systemic risk arising from instability in the markets within which entities operating within the Andorran financial system operate, and
  - f) to carry out any necessary actions required in the exercise of its functions.
3. Supervision by the AFA is not intended to protect the individual interests of the supervised entities or supervised persons or their clients or third parties, but rather its objective is the public interest.
4. The AFA carries out the supervision of entities operating within the financial system on a consolidated basis, and therefore carries out the supervision of operating entities and their consolidation groups, including financial holding companies and mixed financial holding companies, as defined in subsections 55 and 57 of section 1 of article 3, respectively, of the Law on solvency, liquidity and the prudential supervision of banking entities and investment entities. The AFA also supervises the significant transactions of entities operating within the financial system with their parent mixed holding company, as defined in subsection 58, section 1 of article 3 of the Law on solvency, liquidity and the prudential supervision of banking entities and investment entities, and also any with subsidiaries of that mixed holding company.

5. In addition to the above, the following are also subject to supervision by the AFA:

- a) collective investment schemes (CIS);
- b) markets where financial instruments are traded that are located in Andorra or operating within Andorra, and require or may require authorisation from the AFA to operate in Andorra.

6. The AFA also acts as the competent supervisory authority for other natural persons or legal entities outside the financial system, within the framework of exercising the functions attributed to it under current legislation.

7. Supervised entities are the entities, persons and/or organisations mentioned in sections 4 and 5. Equally, the supervised entities and other persons referred to in section 6 are considered to be under supervision.

8. In the exercise of its functions, the AFA supervises and controls the entities to ensure their compliance with current legislation and, in particular, with the specific regulations for the sector, and takes preventive action if it sees indications of irregularities by those under supervision, except where current legislation attributes specific powers to other administrative authorities. The administrative sanctions and other disciplinary actions must be effective, proportional and dissuasive.

**Article 3 bis.** *Mission and objectives of the supervision of the insurance and reinsurance sector*

The AFA's objectives in the insurance and reinsurance sector are those provided by Law 12/2017, of 22 June, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra, including:

- a) to promote and safeguard the proper functioning of the Andorran financial system;
- b) to safeguard the stability and reputation of the Andorran insurance and reinsurance system and foster confidence in it;
- c) to ensure transparency, foster the orderly development of the insurance and reinsurance market and protect the rights of policyholders, insurees and beneficiaries;
- d) to foster the competitiveness of the Andorran insurance and reinsurance market on a national and international level;
- e) to carry out any necessary actions required in the exercise of its functions.

**Article 4.** *Functions and competences within the Andorran financial system*

1. The AFA, as the Andorran financial system authority, is attributed the functions and competences entrusted to it in this Law and any other functions or competences that may be entrusted to it by other legal provisions.

1 bis. The AFA can exercise its functions of supervision and inspection as follows:

- a) directly;
- b) in collaboration with other national or foreign authorities;
- c) by request to the competent judicial authorities.

2. The AFA's functions include but are not limited to:

- a) issuing, among others, technical communiqués, communications and/or recommendations, in order to develop the regulations and instrumental technical standards relating to the practice of banking activities and the activities of entities operating within the financial system and any other activity if current legislation provides for it. In the exercise of this function, the AFA can submit the

relevant regulatory proposals to the financial sector stakeholders and, in any case, considers the following factors:

- i) whether the cost of the regulations is proportional to the benefits of implementing it;
  - ii) the international standards on the matter, and
  - iii) the impact of its implementation on the competence, innovative capacity and international competitiveness of the Andorran financial centre;
- b) examining and deciding on any application presented to the AFA to obtain a licence or authorisation to operate within the Andorran financial system under current legislation, and keeping the corresponding records of the AFA updated. To this end, the AFA keeps an updated list on its website of basic data such as the company name, business name, registered office, date of granting the authorisation, date of withdrawing or deregistering the authorisation, information about the services or activities for which it is authorised and details of the authorised agents, of all authorised entities operating within the financial system;
- c) acting as the competent supervisory authority over all the supervised entities and any natural persons or legal entities outside the financial system that are or could be subject to supervision by the AFA under current legislation, for the purpose of ensuring compliance with the regulations applicable to them;
- d) supervising the entities operating within the financial system on a consolidated basis, and accordingly, the groups of entities operating within the financial system, meaning all those groups of companies in which the parent company is an entity operating within the financial system or whose main activity is holding shares in one or more entities operating within the financial system, and also financial holding companies, for the purposes of verifying compliance with the prudential requirements established in the Law on solvency, liquidity and the prudential supervision of banking entities and investment entities, and mixed financial holding companies to verify compliance with the requirements established in the Law on financial conglomerates;
- e) exercising the disciplinary and sanctioning powers over the supervised entities and any natural persons and legal entities outside the financial system for which current legislation grants competence to the AFA;
- f) examining and deciding upon applications for authorisation and/or registration of administrative acts in accordance with current legislation and keeping the corresponding records of the AFA up to date;
- g) receiving and dealing with complaints filed with the AFA by clients of the supervised entities. If analysis of the complaint reveals a prudential concern that may go beyond the single client complaint, the AFA can carry out specific checks within the framework of supervision. Steps undertaken by the AFA within the framework of prudential supervision cannot be shared with the client. Reports issued by the AFA on complaints filed by clients of supervised entities do not make decisions about the contractual responsibilities of the client and the entity, which is a matter reserved for the courts;
- h) carrying out tasks associated with the representation of Andorra at international level, in relation to specific issues affecting the financial sector;
- i) providing state treasury services and carrying out the financial management of public debt issues for the Principality of Andorra, where the Government has issued a resolution for that purpose;
- j) collecting deposits and collateral provided under current legislation and judicial decisions, and managing the funds while observing the principle of prudence appropriately;
- k) issuing, at the request of the Government, reports and opinions on legislation relating to the financial system and on other matters within the competence of the AFA, and proposing, on its own initiative, measures to improve the order and regulation of the financial system;

- l) advising the Government on matters relating to economic and financial policy at the request of the ministry in charge of finance;
- m) preparing studies and statistics relating to the financial system and all matters within the competence of the AFA, in accordance with current legislation;
- n) preparing and publishing an annual report on the AFA's activities;
- o) publishing notices and warnings for the protection of investors.

3. In the exercise of its functions the AFA has the power to:

- a) access any information or document, including personal data, of any natural person or legal entity, and receive or obtain a copy;
- b) require any natural person or legal entity to deliver information and/or documentation within the time limit it considers appropriate;
- c) carry out on-site inspections;
- d) summon and take statements from any natural person or legal entity, and analyse their statements and any written or oral communications received, and make an assessment of the facts;
- e) require those under supervision to provide reports from independent experts, their auditors or internal control or compliance bodies, for the purpose of verifying compliance with current legislation;
- f) hire independent external auditors or other experts qualified in the matter under supervision or analysis. In any case, the costs of the actions by the independent external auditors or other qualified experts shall be charged to the supervised entity whenever these tasks are undertaken in the exercise of the AFA's disciplinary powers and the corresponding proceedings have not been dismissed;
- f bis) require delivery of information and/or documentation from any natural person or legal entity that has been subcontracted to carry out operational functions or activities for the supervised entities, without prejudice to the liability of the entity that delegated the functions;
- g) access any information necessary in the exercise of its functions, in a timely manner, after making the appropriate request to the respective official body in each case;
- h) demand existing data traffic and telephone records;
- i) demand the discontinuation of any practice or conduct that is contrary to the legal provisions of the financial system regulatory framework;
- j) order a temporary ban on professional activity, within the framework of the Law regulating the disciplinary regime of the financial system.
- k) suspend the commercialisation or sale of financial instruments or structured deposits if an entity operating within the financial system has not developed or applied an effective product approval procedure or has otherwise failed to comply with the provisions of article 13, section 1, of Law 8/2013 of 9 May on the organisational requirements and operating conditions for entities operating within the financial system, investor protection, market abuse and financial collateral arrangements.
- l) adopt any necessary measures so that the AFA can obtain the information required to verify that the entities operating within the financial system that provide investment and/or ancillary services fulfil their obligations.
- m) use any other means that allows the exercise of its powers to impose sanctions under current legislation.

The persons defined in letters a), b), d), f bis) and g) must provide all necessary information to the AFA so that the AFA can exercise its functions according to current legislation and must keep this secret.

4. In the exercise of these functions and competences and under the premises established in this Law or in current legislation, the AFA is authorised to cooperate, establish relations and/or collaboration

agreements with foreign official authorities or bodies that are competent in matters of financial system regulation, authorisation and registration, supervision and/or control of supervised entities in order to ensure compliance with financial system legislation, legislation relating to securities, derivatives and other financial instruments markets, or other legislation that provides for it, exchanging information, including personal data, and collaborating within the framework of investigations or inspections, provided that the requirements established in sections 1 to 3 of article 20 are met.

5. In order to properly exercise its functions while respecting the legal competences of the parties, the AFA cooperates with the Government and other national authorities or bodies, providing assistance and exchanging any necessary confidential information.

In emergency situations relating to the stability of the Andorran financial system, the AFA can exchange any relevant information with the competent national authorities, national bodies and ministries, as appropriate.

When the exchange of confidential information contains personal data, this can only be exchanged by the AFA with the criminal judicial authority, with the competent national authority for fighting money laundering and terrorism financing, with the competent national resolution authority, with the bodies in charge of the deposit and investment guarantee systems, with the Police Force and/or the external auditor, regarding the data of the entity concerned. Equally, the AFA can collaborate with the competent national authority for fighting money laundering and terrorism financing within the framework of investigations or inspections in the exercise of its functions.

The AFA can exercise its supervisory and sanctioning powers through a request to the competent judicial authorities. For this purpose, it can request and obtain from the *Batllia* (Andorran Magistrates' Courts) any judicial assistance it requires to fulfil its control and supervisory functions.

6. Finally, in the exercise of its functions and competences, the AFA:

- a) acts with transparency and is self-governing and independent;
- b) considers the reality of the Andorran financial system and the potential impact of its decisions on the stability of the financial system;
- c) considers the international standards on each matter;
- d) strictly follows the rules of good corporate governance;
- e) ensures that the functions granted to persons supervising the entities are exercised properly;
- f) uses its resources efficiently, and
- g) offers innovation in matters related to supervised activities.

7. Without prejudice to any legal provisions, the AFA can only use the confidential information obtained by virtue of this article in the exercise of its functions or in relation to the administrative or judicial procedures specifically related to the exercise of those functions.

**Article 4 bis.** *Control and supervisory powers, and criteria for exercising them in the supervision of insurance and reinsurance*

The control and supervisory powers over the insurance and reinsurance sector and the criteria for exercising them are those granted to it in articles 8 to 12 and concordant articles of Law 12/2017, of June 22, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.

**Article 4 ter.** *Procedure for reporting potential infringements*

1. The AFA establishes, through technical communiqués, effective and reliable mechanisms for encouraging the reporting of potential or real infringements under the Law regulating the financial regime of the disciplinary system; Chapter IV of Law 8/2013 of 9 May on the organisational requirements and operating conditions for entities operating within the financial system, investor protection, market abuse and financial collateral arrangements, and Law 12/2017 on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.

2. The mechanisms referred to in section 1 shall include, at least:

- a) specific procedures for receiving reports of infringements and following them up;
- b) adequate protection for the employees of entities subject to the disciplinary regulations mentioned in paragraph 1 above, who report infringements committed in the entity, against reprisals, discrimination or other kinds of unfair treatment, at least;
- c) protection of the personal data of both the person who reports the infringements and the natural person allegedly responsible for the infringement, and
- d) precise rules that guarantee, in all cases, the confidentiality of the person who reports the infringements committed within the entity, unless a current legal provision requires disclosure within the context of new investigations or subsequent judicial proceedings.

**Article 5. *The communication framework of the AFA***

1. In the exercise of its functions, the AFA establishes rules and technical standards, supplemented where appropriate by guides and guidelines, through the issue of technical communiqués and communications.

2. Technical communiqués are only issued by the AFA to establish technical or instrumental rules or mandatory standards that could affect supervised entities. All technical communiqués are published on the AFA's website.

3. Communications are issued to make one-off requests for information or any other mandatory communications that the AFA considers relevant to a subgroup of supervised entities, to all of them, or to other supervised entities.

4. One-off requests for information to supervised entities on an individual basis are made in a letter addressed directly to those entities.

5. In the sphere of insurance and reinsurance, Law 12/2017, of June 22, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra and its implementing regulations apply.

**Article 6. *Preservation of documents***

The AFA must establish appropriate procedures for preserving the information related to the exercise of its functions according to the document and information preservation policy approved by its Board of Directors.

**Chapter Two. Organization, duty of secrecy and international cooperation**

**Section One. Governing bodies and personnel**

**Article 7. *Governing bodies***

1. The governing bodies of the AFA are the Board of Directors and the General Management.
2. The Board of Directors, on its own initiative or at the proposal of the General Director, can delegate certain functions to committees or commissions provided that they form part of the AFA's governing bodies.

**Article 8.** *Personnel contractual regime*

1. The professional relationship between each employee of the AFA and the AFA is governed by current labour legislation.
2. The General Director of the AFA sets the contract conditions and formalities in accordance with the personnel management and remuneration policies approved by the AFA's Board of Directors.
3. Without prejudice to the provisions of the professional relationship mentioned in point 1, the AFA's personnel is governed by the internal staff regulations and must comply at all times with any legal and regulatory premises and also the AFA's code of ethics and code of conduct.

**Article 9.** *Liability of the AFA's governing bodies and personnel*

1. The AFA's Board of Directors, General Management and personnel must comply at all times with the legal and regulatory provisions that define and regulate the exercise of their functions.
2. Every member of the AFA, meaning the members of its Board of Directors, General Management and personnel, is responsible for executing the functions entrusted to them and must cooperate with the other members of the AFA to offer an adequate service, optimizing the resources and processes used.
3. The members of the AFA's governing bodies and its personnel only have extra-contractual liability in the exercise of their functions in the event of damages caused by actions or omissions committed with intent or through serious negligence, which are directly attributable to them on the terms of Articles 58 to 64 of the Administration Code of 29 March 1989.

## Section Two. Board of Directors

**Article 10.** *Composition, appointment, duration and remuneration*

1. The Board of Directors consists of between four and six directors, with a chair, vice-chair and between two and four other members.
2. The General Director of the AFA is a member of the Board of Directors, with the right to speak but not to vote.
3. The Board of Directors appoints a secretary from among the AFA's personnel, who assists it at the meetings.
4. The chair, vice-chair and all the members of the Board of Directors are appointed by the General Council, at the proposal of the Government, presented by the minister in charge of finance, with the favourable vote of two thirds of its members in the first ballot. The General Council can, at the request

of a parliamentary group or three members of the General Council, proceed to a block vote or individual vote (one by one).

5. If the majority required in the previous section is not reached in the first ballot, within a period of no more than seventy-two hours, candidates who obtain a favourable vote in a second ballot of a simple majority of the General Council will be elected.

6. On being appointed, all members of the AFA's Board of Directors take an oath or give an affirmation before the Síndic General (Speaker).

7. The positions of chair, vice-chair and members of the Board of Directors are for a term of six years. Each person may be appointed as a member of the AFA's Board of Directors for a maximum of two consecutive terms or three alternate terms.

8. The processes of electing and renewing members of the AFA's Board of Directors must ensure that no more than half of the members are changed within the same year. Equally, if re-election of a person to the same position is being considered, the election process must be carried out in accordance with the provisions of sections 4 and 5 and, in any case, the requirements established in the following article must continue to be met.

9. If a vacancy arises in the Board of Directors, a replacement is appointed as soon as possible. The term of office of the newly appointed member will be less than six years, as an exception, covering the remaining term of the member who created the vacancy.

10. Remuneration of the chair, vice-chair and members of the Board of Directors is decided by the Government at the proposal of the minister in charge of finance.

11. The Board of Directors can create any committees it deems appropriate for the proper performance of its functions. Each of these committees will consist of at least two Directors, one of whom chairs the committee.

**Article 11. Requirements and incompatibilities**

1. The chair, vice-chair and members of the Board of Directors must be persons of recognized business and professional repute, suitable expertise for performing the functions inherent in the position and adequate professional experience.

2. Persons of recognized business and professional repute are those who have a good personal and professional reputation, persons who have a public image of good administrators and, specifically, persons who:

- a) do not have a criminal record for offences of falsification, disloyalty in the safekeeping of documents or breach of secrecy, misappropriation of public funds, disclosure and revelation of secrets, or offences against property;
- b) do not have a criminal record for other offences with intent;
- c) are not or have not been banned from holding public or administrative or management positions in entities operating within the financial system, insurance or reinsurance, in Andorra or abroad.
- d) are not and have not been declared bankrupt or in a situation of judicial settlement, or if so, have been given a judicial discharge.

3. Adequate professional experience is deemed to be held by persons who have performed any of the following positions or duties normally for five years or more:

- a) senior management, managerial or control functions in supervisory bodies or entities;
- b) senior management, managerial, control, auditing or advisory functions in banking, insurance, reinsurance entities or supervised entities of a significant size;
- c) functions with similar responsibilities to the above two in other private entities or in public administration, or
- d) economic and financial policy analysis, development and/or implementation functions.

4. Members of the AFA's Board of Directors shall be preferably of Andorran nationality, but as an exception, persons who are not Andorran may be appointed for their worth, expertise and experience in the subject. In any case, the chair of the Board of Directors must have Andorran nationality.

5. Members of the Board of Directors cannot have been shareholders or had an employment or professional relationship with one of the supervised entities in at least the two years prior to appointment.

6. Members of the Board of Directors must be independent of the entities included in the AFA's scope of action and not participate in their decision making. Accordingly, members of the Board of Directors cannot be shareholders or have an employment or professional relationship, either directly or indirectly, with the entities within the AFA's scope of action. Moreover, members of the Board of Directors cannot have a financial, commercial or any other kind of relationship, either directly or indirectly, with entities within the AFA's scope of action, from which a reasonably and properly informed objective third party could conclude that their independence is compromised.

7. So, in carrying out their roles as members of the AFA's Board of Directors, each member must avoid conflicts of interest relating to the entities supervised by the AFA and, in particular, any that could arise from their particular professional activity, whether current or future, even after their appointment on the AFA's Board of Directors has terminated.

8. The office of chair, vice-chair and member of the Board of Directors is incompatible with:

- a) membership of the General Council;
- b) any other public office or function serving the Administration, whether elected or appointed by the civil service or under contract;
- c) any managerial or executive function or office in political parties or in entities that carry out activities equivalent to those supervised by the AFA, in Andorra or abroad, and
- d) any activity that could jeopardise the independence and impartiality of the office.

9. After termination or dismissal, members of the Board of Directors cannot perform any professional activity relating to the activities and/or entities supervised by the AFA within the next year, except for teaching and research.

**Article 12. *Termination and dismissal***

1. The appointments of chair, vice-chair and members of the Board of Directors shall be terminated for any of the following reasons:

- a) the term for which they were appointed ends;

- b) resignation, submitted in writing to whoever appointed them;
- c) death;
- d) incapacity declared in a final judicial decision;
- e) a conviction for committing one of the offences mentioned in the preceding article;
- f) an unjustified absence from the meetings of the Board of Directors more than twice in the same calendar year;
- g) reaching the age of 76.

2. The General Council can, on its own initiative or at the proposal of the Government and with the favourable vote of two thirds of its members, remove or dismiss the chair, vice-chair or members of the Board of Directors if they no longer meet the requirements of the position, incur incompatibility or commit a serious breach of the obligations of the position.

**Article 13. Operation**

1. The chair summons the Board of Directors on his own initiative or at the request of the vice-chair, the General Director or at least two members of the Board of Directors.

2. The Board of Directors must meet at least once every three months.

3. The Board of Directors is validly constituted when at least two thirds of the members attend the meeting. Resolutions are passed by a majority of the members present or, in the event of a tie, the chair has a casting vote.

4. The attendance of meetings of the Board of Directors can be in person or by electronic or telematic means of communication, once the identity of the member has been verified and guaranteed.

5. Unless there is a duly justified reason, members of the Board of Directors have a duty to participate in all regularly convened meetings and are bound to respect the secrecy of deliberations.

6. If a member has a conflict of interests in the decision on any of the matters dealt with within the framework of the meetings, he must abstain from speaking and voting on that matter.

7. The vice-chair replaces the chair in the event of absence, illness or vacancy.

8. Other persons can attend the meetings of the Board of Directors, with the right to speak but not to vote, if the majority of members consider it appropriate in view of the significance of the matters dealt with by the Board of Directors.

9. When the majority of members consider it appropriate in view of the significance of the matters to be dealt with by the Board of Directors, the Board of Directors can hire specialised external advisory services.

10. The Board of Directors must have internal operating rules which must be unanimously approved by its members.

11. Minutes will be taken of all meetings of the Board of Directors, containing a concise description of the matters debated, those who took part, any incidents that occurred and any resolutions passed.

The minutes are signed by the chair and the secretary, and the same procedure is followed for issuing certificates of the resolutions.

**Article 14. Competences**

The following are competences of the Board of Directors:

1. to annually approve the AFA's strategic goals and general action guidelines, at the proposal of the General Director, and oversee their performance;
2. to approve the AFA's budget proposal, at the proposal of the General Director, before submitting it to the Government to be processed for approval by the General Council;
3. to approve, at the proposal of the General Director, the organisational structure of the AFA and the assignment of functions and competences, and the structure and composition of the AFA's governing bodies;
4. to approve, at the proposal of the General Director, the levels of authorisation and powers of attorney for granting investment and/or expenses commitments and for making payments in the name and on behalf of the AFA;
5. to approve the AFA's annual accounts, at the proposal of the General Director, including the proposed allocation of earnings from the financial year and the proposed budget settlement for the AFA;
6. to approve the draft annual report on the AFA's activities, at the proposal of the General Director;
7. to approve the appointment of the AFA's directors, at the proposal of the General Director;
8. to approve the personnel management and remuneration policies, and the internal staff regulations of the AFA, and also its codes of ethics and conduct, at the proposal of the General Director;
9. to approve the internal rules of the Board of Directors;
10. to approve any regulatory proposals that are submitted to it by the General Director due to their significance;
11. to approve, at the proposal of the General Director, the proposals of precautionary measures to be applied to the entities operating within the financial system or their administrative and management bodies, including the proposed replacement of directors of supervised entities;
12. to approve decisions on proceedings and the imposition of appropriate disciplinary sanctions, at the proposal of the General Director;
13. to approve, at the proposal of the General Director, the proposed review of supervision fees and/or considerations to be paid by the entities operating within the insurance and reinsurance financial system; and inform the Government, for all relevant purposes, of any proposal to change the fees whenever the review entails a proposed change other than the update applying the CPI.

14. to approve, at the proposal of the General Director, the bilateral or multilateral collaboration agreements with other authorities competent in matters of regulation, authorisation, registration, supervision and/or control, with equivalent competences to those vested in the AFA by current legislation;

15. to approve, at the proposal of the General Director, applications for prior authorisation of the following:

- a) the creation or deregistration of new entities operating within the Andorran financial system;
- b) changes in the shareholdings of an entity operating within the Andorran financial system when such changes would result in any of the shareholders acquiring, increasing or reducing a qualifying holding or, irrespective of his holding, obtaining representation on the Board of Directors of the entity;
- c) issues of bonds or of other non-bank credit instruments that acknowledge or create a subordinated liability for the entity operating within the financial system or an entity controlled directly or indirectly by it, whenever such issues are significant in relation to the financing structure of the supervised entity;
- d) the creation and/or acquisition of entities, with the intention of permanence and with a qualifying holding, and the opening of branches abroad or representation offices by the entities operating within the financial system, including acquisitions of direct or indirect holdings that entail the acquisition of a qualifying holding;
- e) processes of liquidation and/or dissolution of entities operating within the financial system;
- f) any significant change that might occur in the entities operating within the Andorran financial system or in their investees, whenever they are entities controlled by them, relating to the authorisation granted by the AFA and/or the respective foreign supervisory authority;

16. to approve, at the proposal of the General Director, all acts and/or applications linked to supervised entities or to other decisions that the AFA must take in the exercise of its functions, which must be authorised by the Board of Directors in the opinion of the General Director, due to their significance.

17. to exercise all the functions attributed to it by Law 12/2017, of June 22, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.

### Section Three. The General Management

#### **Article 15.** *Composition, appointment, duration and remuneration*

1. The General Management is formed of the General Director and up to four directors who manage specialized areas according to the AFA's organisational structure.
2. The General Director of the AFA is appointed by the Government at the proposal of the AFA's Board of Directors.
3. The term of office of the General Director is six years, renewable without limitation.
4. The directors are appointed by the AFA's Board of Directors, at the proposal of the General Director, preferably from among the AFA's personnel.

5. If the General Director is absent due to illness, holidays, business trips, force majeure or other reasons, and the General Director so delegates, the power to substitute him is vested in one of the directors for a period of up to one year.
6. If the General Director resigns or is removed from office, the Board of Directors must appoint an acting General Director.
7. The General Director's remuneration and the other terms of his/her employment contract are set by the Government.
8. The directors' remuneration and the other terms of their employment contract are set by the General Director, according to the personnel management and remuneration policies approved by the Board of Directors.

**Article 16. Requirements and incompatibilities**

1. Members of the General Management must be persons of recognized business and professional repute, suitable expertise for performing the functions inherent in the position and adequate professional experience.
2. Persons of recognized business and professional repute are those who have a good personal and professional reputation, persons who have a public image of good administrators, and specifically persons who:
  - a) do not have a criminal record for offences of falsification, disloyalty in the safekeeping of documents or breach of secrecy, misappropriation of public funds, disclosure and revelation of secrets, or offences against property;
  - b) do not have a criminal record for other offences with intent;
  - c) are not or have not been banned from holding public or administrative or managerial positions in entities operating within the financial system in Andorra or abroad.
  - d) are not and have not been declared bankrupt or in a situation of judicial settlement, or if so, have been given a judicial discharge.
3. Suitable expertise is deemed to be held by persons with a university degree in economics, finance or business administration and management, or persons who have another university degree plus specialized training of recognized academic worth in economics, finance, business administration and management, or banking and financial law.
4. Adequate professional experience is deemed to be held by persons who have over ten years' professional experience, who have performed normally, for a period of five years or more, positions or duties in senior management, management or control in supervisory bodies or entities, entities in the banking and/or financial sphere, entities engaged in auditing or advising entities in the banking and/or financial sphere, or in public administration.
5. No content
6. Members of the General Management must be independent of the entities included in the AFA's scope of action and not participate in their decision making. Accordingly, members of the General Management cannot have a financial, commercial, employment or any other kind of relationship,

either directly or indirectly, with entities within the AFA's scope of action, from which the Board of Directors could conclude that their independence is compromised. If the independence of the members of the General Management is compromised by any factor, the member concerned is obliged to set up the safeguards necessary to reduce such factors and avoid his independence being compromised in this manner. If those safeguards do not adequately reduce the factors compromising his independence, resolution of the situation will also be submitted to the Board of Directors for deciding.

7. The office of General Director and directors of the AFA is exclusive and is therefore incompatible with performing any other public or private office, profession or remunerated activity.

**Article 17. Termination and dismissal**

1. The appointments of General Director and directors of the AFA shall be terminated for any of the following reasons:

- a) the term for which they were appointed ends;
- b) resignation, submitted in writing to whoever appointed them;
- c) reaching the age of 70;
- d) death;
- e) incapacity declared in a final judicial decision, or
- f) a conviction for committing one of the offences mentioned in the preceding article.

2. The Government can remove or dismiss the General Director if he no longer meets the requirements of the position, incurs incompatibility or commits a serious breach of the obligations of the position.

3. The Board of Directors, at the proposal of the General Director, can remove or dismiss a director if he no longer meets the requirements of the position, incurs incompatibility or commits a serious breach of the obligations of the position.

4. If a director is removed or dismissed, he resumes the position he held prior to appointment within the AFA's organisational structure, without prejudice to termination of the employment relationship if the reasons for removal justify it.

5. After termination or dismissal, the General Director cannot perform any professional activity relating to the activities and/or entities supervised by the AFA within the next year, except for teaching and research.

6. After termination or dismissal, the directors cannot perform any professional activity relating to the activities and/or entities supervised by the AFA within the next year, except for teaching and research.

**Article 18. Competences**

1. The General Management prepares the measures and takes the decisions required to fulfil the AFA's mission, objectives, functions and competences according to the provisions of articles 3 and 4.

2. The General Management is responsible for the reports and proposals, which it must submit to the Board of Directors or to the Government, according to its remit.

3. The competences of the General Management include but are not limited to:

- a) preparing the annual proposal of strategic goals and general action guidelines for the AFA;
- b) preparing the annual proposal of planning for each of the specialised areas comprising the AFA's organisational structure;
- c) preparing the annual budget proposal for the AFA;
- d) preparing the annual accounts proposal for the AFA's, including the proposed allocation of earnings from the financial year and the proposed budget settlement for the AFA;
- e) preparing the draft annual report on the AFA's activities;
- f) preparing technical communiqués and communications that are mandatory for supervised entities;
- g) making recommendations, warnings and demands to supervised entities and their administrative and managerial bodies to prevent and/or correct practices and conditions that could, in the AFA's opinion, represent a material risk to the financial group and/or the financial system in general;
- h) carrying out the supervision on a consolidated basis of Andorran entities and financial groups subject to its control under current legislation;
- i) carrying out on-site inspections of the supervised entities when deemed necessary in the exercise of its functions and reporting to the Board of Directors;
- j) requesting supervised entities to provide reports from independent experts, their auditors or their internal control bodies or regulatory reports to verify compliance with current legislation;
- k) requesting any natural person or legal entity, in the exercise of the AFA's functions, to deliver information within the term considered appropriate;
- l) collaborating with authorities competent in matters of regulation, authorisation, registration, supervision and/or control with equivalent competences to those vested in the AFA by current legislation as established in article 20;
- m) managing the negotiations required for signing bilateral or multilateral collaboration agreements with other authorities competent in matters of regulation, authorisation, registration, supervision and/or control with equivalent competences to those vested in the AFA by current legislation, and
- n) responding to complaints made to the AFA by clients of supervised entities or persons affected and issuing the appropriate decision.

4. The competences of the General Director include but are not limited to:

- a) the management and technical organization of the AFA;
- b) hiring and dismissing the AFA's personnel;
- c) submitting all the proposals provided in Article 14 to the Board of Directors for approval;
- d) executing the resolutions passed by the Board of Directors;
- e) acting as the legal representative of the AFA, both in and out of court, and
- f) initiating and examining sanctions proceedings; urgently reporting the initiation of sanctions proceedings to the Board of Directors with the significant facts of the investigation.

5. The General Management is competent to exercise all functions attributed to it by Law 12/2017 of 22 June on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.

#### Section four. Duty of secrecy and international cooperation

##### **Article 19. Duty of secrecy**

1. Members of the governing bodies of the AFA, its personnel and any person who exercises or has exercised a function in the AFA, including the external auditors or other experts hired by the AFA, have an obligation to maintain the secrecy of all information obtained within the framework of their

mandate, in the exercise of their functions and their professional activities in the AFA, even after termination or dismissal.

This duty of secrecy must also be applied to any confidential information that the AFA has exchanged with other national authorities or bodies or any other natural or legal person, under section 5 of article 4 of this Law.

2. A breach of this duty of secrecy constitutes an offence on the terms provided by the Criminal Code, with the exception of cases where disclosure of the information is authorised or imposed by a current legal provision.

3. This duty of secrecy means that, without prejudice to legal provisions relating to supervision, the confidential information that these persons receive in the exercise of their functions and professional activities in the AFA cannot be disclosed to third parties or to authorities, unless they are disclosed in a summarised or aggregated form in such a way that the supervised entities cannot be identified, without prejudice to criminal cases.

4. The provisions of the previous sections do not apply to the exchange of information made by members of the AFA's governing bodies or personnel under the provisions of this article and articles 4 and 20 or when current legislation authorises them or obliges them to disclose certain information and, in particular, in the context of supervision and/or control of those under supervision to ensure compliance with financial system legislation, legislation regulating securities, derivatives and other financial instruments markets, or other legislation that provides for it. Equally, this does not apply to information delivered by persons who have exercised a function in the AFA or have been hired by it, when required by the criminal judicial authority or within the framework of an appeal against a decision taken when carrying out their duties at the AFA. In these cases, before delivering any information, the General Management of the AFA must be informed in writing. Moreover, if the information to be delivered has been obtained from other authorities or official bodies, whether national or foreign, in the context of cooperation between the authorities or bodies and the AFA, the information cannot be delivered without the AFA first obtaining the consent of the authorities or bodies, unless the information is required by a criminal judicial authority.

5. Whenever a specific law regulating the functions and competences of the AFA does not explicitly authorise the AFA to disclose confidential information, the receipt, exchange and transmission of confidential information by the AFA is authorised to national authorities or official bodies with equivalent or supplementary competences to those of the AFA, when the aim is to protect the depositors, the investors, for the purposes of prudential supervision, in resolution processes and/ or for the stability of the financial system.

6. Transmissions of information regulated by this article and the following article do not imply or constitute a breach of the duty of secrecy, secrecy in the work environment and professional secrecy or any kind of legal liability, nor do they breach the restrictions on disclosure of information to which the entities and the AFA are subject under current legislation.

**Article 19 bis.** *The duty of confidentiality and discretion in the insurance and reinsurance sector*

Regarding the duty of confidentiality and discretion in the insurance and reinsurance sector, the provisions of article 14 of Law 12/2017, of June 22, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra apply.

**Article 20. International cooperation**

1. In the exercise of international cooperation, attributed to the AFA by this Law, the AFA cooperates, establishes relations and/or collaboration agreements with international official bodies or with foreign authorities with functions and competences in matters of financial system regulation, authorisation and registration, supervision and/or control of supervised entities to ensure compliance with financial system legislation, legislation regulating securities, derivatives and other financial instruments markets, or other legislation that provides for it, equivalent to those attributed to the AFA by current legislation. Accordingly and under the provisions of article 4, the AFA collaborates by providing assistance and exchanging information with the foreign authorities or bodies provided that the following conditions are met:

- a) the collaboration, assistance and/or exchange of information is founded on the principles of reciprocity and confidentiality;
- b) the requesting authority or body agrees to respond to requests from the AFA which are the equivalent of requests made to the AFA by that authority or body;
- c) the information delivered is subject to secrecy in the work environment and/or the professional secrecy of the authority or body that receives it, and the authorities or bodies that receive the information from the AFA are subject to rules of confidentiality, secrecy in the work environment and professional secrecy that are at least equivalent to those to which the AFA is subject;
- d) the information delivered is necessary for the receiving authority or body to perform its functions;
- e) the information provided by the AFA can only be used by the receiving authority or body for the specific purpose for which the information was communicated and that authority or body must be able to guarantee that it will be put to no other use;
- f) when the requested confidential information has been obtained by the AFA from other national or foreign authorities or bodies, this confidential information cannot be provided by the AFA to a requesting authority or body without the prior written consent of the national or foreign authority or body that originally delivered it to the AFA and, where appropriate, the AFA can only exchange this information according to the limitations established by the national or foreign authority or body from which the AFA originally obtained the information.
- g) that the request is made in writing and specifically includes the requested information and an explanation of its relevance, and also the following:
  - i) a description of the facts, grounds and purposes for which the information and/or assistance is requested;
  - ii) a description of the alleged infringement committed, where applicable.

2. Each request for information or assistance received by the AFA is subject to analysis to determine whether the request meets the requirements set out in this article. If the AFA considers that the request for information does meet these requirements, it proceeds to carry out the necessary steps to obtain the requested information and will send it to the requesting authority or body. If the AFA concludes that the request for information is not appropriate or does not meet the requirements, it informs the requesting authority or body.

3. Any request for information or assistance received by the AFA from an authority or body on the terms provided in this article must be refused when:

- a) the exchange of information and/or assistance could prejudice the sovereignty, security or public order of Andorra;

- b) legal proceedings have been commenced based on the same facts and against the same persons in the Andorran courts, or
- c) a final judicial decision has been issued on the same facts and relating to the same persons in the Andorran courts.

In the cases mentioned in points b) and c), the AFA notifies the requesting authority or body of the legal proceedings or judicial decision concerned, with as much detail as possible.

4. Cooperation and collaboration agreements between the AFA and other foreign competent authorities in matters of supervision on a consolidated basis must establish the manner and terms on which financial entities that are subsidiaries of a parent entity established in one of the signatory countries are supervised.

5. Within the framework of supervision on a consolidated basis carried out by the AFA and other foreign competent authorities in matters of supervision, and whenever the collaboration agreement signed by the parties provides for it, in addition to cooperation to exchange information relating to the supervised entities, the following requests for assistance may arise:

- a) the AFA asks a foreign authority to undertake an on-site inspection or an investigation on its territory with the involvement of its personnel. Equally, it can ask for AFA personnel to join the authority in the on-site inspection or investigation;

- b) a foreign competent authority in matters of supervision requests the AFA to carry out an on-site inspection or an investigation in Andorra. The AFA gives its consent provided that none of the facts listed later in this section occurs. The AFA can also allow its personnel to be accompanied by personnel from the requesting authority. However, the on-site inspection or investigation will be wholly under the AFA's control.

The information obtained in the context of on-site inspections or investigations is subject to the rules of confidentiality, secrecy in the work environment and professional secrecy to which the AFA is subject and cannot be disclosed by the foreign supervisory authority or used for purposes other than those of supervising the entity subject to the on-site inspection or investigation.

6. Andorran subsidiaries of foreign parent companies in countries with which the AFA has signed collaboration agreements in matters of supervision must transmit to the parent company any information necessary for management of its risks and any requested by its supervisory body.

**Article 20 bis.** *Mechanisms for internal and cross-border cooperation in the sphere of insurance and reinsurance*

Regarding the mechanisms involved in internal and cross-border cooperation in the sphere of insurance and reinsurance, the provisions of article 13 of Law 12/2017, of June 22, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra apply.

**Article 20 ter.** *Supervisory colleges*

The AFA, as supervisor on a consolidated basis, must ensure, when appropriate, that supervisory colleges are set up to help foster suitable coordination and cooperation with the supervisory authorities of third countries.

### **Chapter three. Financial situation and asset management**

**Article 21.** *Own funds*

1. Own funds consist of the endowment capital of EUR 12,020,242.09 provided to the AFA by the Government on its creation and the reserves funded from positive results obtained since its creation.
2. If the AFA generates positive results, these are allocated to the creation of a reserve fund which can only be used to cover the AFA's potential losses.
3. If the AFA is wound up, all its assets belong to the public administration.

**Article 22. Budget**

1. The General Management prepares the budget proposal for the AFA's operations and investments.
2. The General Director presents the budget proposal for the AFA to the Board of Directors for approval.
3. The General Director must send the AFA's budget proposal, approved by the Board of Directors, to the ministry in charge of finance sufficiently in advance for it to be included in a special section of the draft general budget law, to be sent to the General Council for approval.
4. The Government cannot amend the budget proposal; any observations it makes are considered by the AFA's Board of Directors which, if it sees fit, takes them into consideration and prepares a new budget proposal.
5. The AFA's budget is subject to the General Law on Public Finance, concordant and implementing provisions.

**Article 23. Finance**

1. The AFA is financed by the income from its assets, income from collecting fees or considerations within the framework of exercising its functions and, where necessary, through subsidies allocated in the public administration budget.
2. The AFA receives fees for authorising the creation of entities operating within the financial, insurance and reinsurance system, fees for supervising the supervised entities, and other fees relating to requests to the AFA from the supervised entities according to the requirements of current legislation. These are all covered in chapters four and five of this Law.
3. In addition, the AFA can receive considerations relating to requests sent to it by the supervised entities which are not provided in section 2. Finally, the AFA can also receive considerations relating to the provision of other supplementary services it may provide within the framework of its functions, including the provision of training services on matters linked to the financial, insurance and reinsurance sector.
4. The level of fees and considerations defined in sections 2 and 3 are directly related to the costs incurred by the AFA to satisfactorily and efficiently perform the functions entrusted to it under current legislation.

**Article 24. Management and administration**

1. The AFA manages its own resources completely independently from the public administration, respecting the principles of efficiency, efficacy and prudence, and evaluating the circumstances of the financial markets in each case.
2. The AFA can buy and sell movable and immovable assets and sign service agreements whenever required to achieve its objectives.
3. Pursuant to article 1 of the Public Procurement Law of 9 November 2000, this need not apply to the AFA in the following cases:
  - a) the impossibility or inconvenience of fostering competition in the tender;
  - b) a recognised urgency to rapidly dispose of the assets or services;
  - c) the need for supplementary supplies by the supplier or service provider, when a change of provider would require the acquisition of technical equipment and/or a different service involving disproportionate technical incompatibilities and difficulties in the terms of use or maintenance;
  - d) the technical specificity of the product or need for confidentiality measures of the service.

Under these circumstances, the General Director of the AFA can propose to the AFA's Board of Directors that it use direct procurement and the body can proceed to approve this form of procurement.

**Article 25. Tax regime**

The AFA is exempt from paying any kind of tax, except IGI (Indirect General Tax).

**Article 26. Preparation and approval of annual accounts and budget settlement**

1. The General Management must prepare the annual accounts and budget settlement proposal for the AFA according to current legislation, making any adaptations necessary according to the characteristics and nature of its activities. The annual accounts proposal must include the proposal for allocating the results of the financial year.
2. The General Director must submit the annual accounts proposal, including the proposal for allocating the results of the financial year and the budget settlement proposal for the AFA, to the Board of Directors for preparation and approval within three months after the financial year end date.
3. The Board of Directors can submit the AFA's annual accounts to an audit.
4. Once the AFA's budget settlement and annual accounts and its proposal for allocation of the results of the financial year are approved by the Board of Directors, the General Director sends them to the ministry in charge of finance to be submitted to the General Council.

**Article 27. Financial and accounting control**

1. The AFA is subject to financial control under the General Law on Public Finance, with any necessary adaptations for it to carry out its activities.
2. The AFA is subject to an external audit by the Court of Accounts. This audit does not in any way allow interference by the Court of Accounts in the administrative powers of the AFA.

## Chapter four. Fees for the provision of financial services by the AFA

### **Article 28.** *Authorisation fee for the creation of a new entity operating within the Andorran financial system*

1. An authorisation fee is established for the creation of a new entity operating within the Andorran financial system based on the type of each entity.
2. The events incurring this fee are the analysis, assessment and decision on the application for authorisation to create a new entity operating within the Andorran financial system.
3. The fee payer is the natural person or legal entity that initiates the process of requesting authorisation to create a new entity operating within the Andorran financial system.
4. The person on behalf of whom the authorisation is requested is jointly liable for payment of the fee.
5. The fee is determined by a fixed amount according to the type of entity, as established below:

Type of entity	Creation fee
Banking entities	EUR 30,000
Non-bank specialized credit entities	EUR 10,000
Financial investment companies	EUR 12,000
Financial investment agencies	EUR 8,000
Asset management companies	EUR 6,000
Financial advisors	EUR 2,000
Companies managing collective investment schemes	EUR 6,000
Payment institutions	EUR 6,000
Electronic money institutions	EUR 6,000

6. Accrual and settlement: this fee accrues on requesting authorisation to create an entity operating within the financial system and must be paid to the AFA at the time of submitting the application. The AFA shall not initiate the process of analysis, assessment and decision on the application for authorisation until the corresponding payment has been received.

7. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the natural persons and legal entities concerned through a technical communiqué.

b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

### **Article 29.** *Authorisation fee for the creation and/or modification of a collective investment scheme (CIS) under Andorran law*

1. An authorisation fee is established for the creation and/or modification of a CIS under Andorran law.
2. The events incurring this fee are the analysis, assessment and decision on the application for authorisation to create and/or modify a CIS under Andorran law.
3. The fee payer is the supervised entity that submits the application for authorisation to create and/or modify a CIS under Andorran law.

4. The fee is determined by a fixed amount according to the type of administrative act subject to the application for authorisation, as established below:

Fee concept	Creation and/or modification fee
Creation of a UCITS without compartments	EUR 2,300
Creation of a UCITS with compartments	EUR 2,300 + EUR 1,100 per compartment
Creation of a UCITS compartment	EUR 1,100
Creation of other CIS without compartments	EUR 2,800
Creation of other CIS with compartments	EUR 2,800 + EUR 1,300 per compartment
Creation of a compartment of other CIS	EUR 1,300
Creation of a self-managed SICAV	EUR 4,300
Creation of a compartment of a self-managed SICAV	EUR 1,100
Corporate transactions	EUR 1,000
Modification of a UCITS	EUR 0 - 900

5. The AFA is authorised to establish, through a technical communiqué, the fee for the analysis, assessment and decision on an application for authorisation to modify a CIS under Andorran Law for the purpose of establishing the rate of the fee determined by a set amount within the range established in the preceding point.

6. Accrual and settlement: the fee accrues on requesting authorisation to create and/or modify a CIS under Andorran law and must be paid to the AFA at the time of submitting the application. The AFA shall not initiate the process of analysis, assessment and decision on the application for authorisation until the corresponding payment has been received.

7. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the natural persons and legal entities concerned through a technical communiqué.

b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 30.** *Registration fee for the creation, deregistration and/or modification of a collective investment scheme (CIS) under Andorran law*

1. A registration fee is established for the creation, deregistration and/or modification of a CIS under Andorran law.

2. The events incurring this fee are the analysis, assessment and decision on the application to register the creation, deregistration and/or modification of a CIS under Andorran law.

3. The fee payer is the supervised entity that submits the application to register the creation, deregistration and/or modification of a CIS under Andorran law.

4. The fee is determined by a fixed amount according to the type of the administrative act subject to the application for registration, as established below:

Fee concept	Registration fee
Registration of creation of a UCITS and other CISs	EUR 800
Registration of creation of a compartment of a UCITS and other CISs	EUR 300
Registration of deregistration of a UCITS and other CISs	EUR 1,300

Registration of deregistration of a compartment of a UCITS and other CISs	EUR 900
Registration of creation of a self-managed SICAV	EUR 800
Registration of corporate transactions	EUR 600
Registration of a CIS modification	EUR 0 – 900

5. The AFA is authorised to establish, through a technical communiqué, the respective fee for the analysis, assessment and decision on an application for authorisation to modify a CIS under Andorran law for the purpose of establishing the rate of the fee determined by a set amount within the range established in the preceding point.

6. Accrual and settlement: the fee accrues on requesting registration of the creation, deregistration and/or modification of a CIS under Andorran law and must be paid to the AFA at the time of submitting the application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.

7. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned through a technical communiqué.

b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 31.** *Registration fee for the distribution in Andorra of a collective investment scheme (CIS) under foreign law*

1. A registration fee is established for the distribution in Andorra of a CIS under foreign law.

2. The events incurring this fee are the analysis, assessment and decision on the application to register for the distribution in Andorra of a CIS under foreign law.

3. The fee payer is the supervised entity that submits the application to register for the distribution in Andorra of a CIS under foreign law.

4. The fee is determined by a fixed amount of EUR 2,000 per CIS and EUR 1,000 for each compartment.

5. Accrual and settlement: the fee accrues on requesting registration for the distribution in Andorra of a CIS under foreign law, and must be paid to the AFA at the time of submitting the application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.

6. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.

b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 32.** *Annual fee for the supervision of Andorran banking entities*

1. An annual fee is established for the supervision of Andorran banking entities, based on the total of the individual balance sheet, supervision on a consolidated basis and the number and type of foreign affiliates or foreign subsidiaries of each banking entity.

2. The event incurring this fee is the provision of the supervision and control service by the AFA.

3. The fee payer is the supervised Andorran banking entity.

4. The fee is determined by a fixed amount consisting of:

a) the fee for the individual supervision of each banking entity, determined on the basis of the total of the individual balance sheet of the entity, which for financial year N is set on the basis of its individual audited annual accounts on 31 December of the financial year N-1, according to the following scale:

Individual balance sheet total	Annual supervision fee
Less than or equal to EUR 500 million	EUR 59,500
Higher than 500 and lower than or equal to EUR 1,000 million	EUR 91,000
Higher than 1,000 and lower than or equal to EUR 3,000 million	EUR 165,000
Higher than EUR 3,000 million	EUR 210,000

b) the supplementary supervision fee of EUR 22,500 for all banking entities subject to supervision on a consolidated basis by the AFA, where applicable, and

c) the supplementary supervision fee for supervision on a consolidated basis of all subsidiaries of banking entities that are under the supervision of a foreign banking, financial or insurance supervisory authority, as established below:

Type of affiliate or subsidiary	Annual supervision fee
For each foreign banking subsidiary under supervision on a consolidated basis	EUR 18,000
For each supervised active foreign non-bank subsidiary under supervision on a consolidated basis	EUR 9,000
For each branch under an entity operating within the system	EUR 13,500
For each representative office under an entity operating within the system	EUR 1,500

If the affiliate or subsidiary belongs to a jurisdiction outside the EU, the above-mentioned annual supervision fee shall be increased by 50%.

5. Accrual and settlement: this fee is due, at the latest, on 30 April of the current year or on starting activity in the case of a newly created entity. If the start of activity is not the same as the start of the calendar year, the fee is paid pro rata the period of activity in the current year. This fee is no longer payable when the entity is deregistered.

6. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.

b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 33. Annual fee for the supervision of Andorran financial investment entities**

1. An annual fee is established for the supervision of financial investment entities based on the investment services, ancillary services and complementary activities authorised and performed in a real and effective manner.

2. The event incurring this fee is the provision of the supervision and control service by the AFA.

3. The fee payer is the supervised Andorran financial investment entity.

4. The fee is determined by a fixed amount based on the investment services, ancillary services and complementary activities authorised and performed in a real and effective manner, as established below:

Type of service	Annual supervision fee
<b>Investment services</b>	
a) receipt and transmission of clients' orders relating to one or more financial instruments	EUR 500
b) execution on clients' behalf of the orders mentioned in a), consisting of formalization of purchase or sale transactions of one or more financial instruments	EUR 1,000
c) dealing on own account, consisting of formalization of transactions of one or more financial instruments	EUR 1,000
d) 1) individualised discretionary management of portfolios according to clients' mandate	EUR 2,000
d) 2) individualised discretionary management of portfolios according to clients' mandate, in indirect management mode only	EUR 1,200
e) advice on investment matters, consisting of the provision of personalized recommendations to clients, at their request or on the initiative of the financial investment entity, on one or more transactions relating to financial instruments	EUR 500
f) underwriting the issuance or placement of financial instruments	EUR 1,000
g) placing financial instruments on a firm commitment basis, or not	EUR 1,000
h) managing multilateral trading facilities	EUR 2,000
<b>Ancillary services</b>	
a) administering and safekeeping financial instruments on behalf of clients, including custodianship and related services such as cash and collateral management	EUR 2,000
b) granting credits or loans to an investor to enable him to carry out a transaction in one or several financial instruments, when the financial investment entity that grants the credit or loan takes part in the transaction	EUR 1,000
c) advice to companies on matters of capital structure, industrial strategy and related issues, and advice and services relating to mergers and acquisitions of companies	EUR 500
d) foreign currency exchange services when related to the provision of investment services	EUR 500
e) investment reports and financial analyses or other forms of general recommendation relating to transactions in financial instruments	EUR 500
f) services related to underwriting the issuance or placement of financial instruments	EUR 1,000
g) investment services and activities, and complementary services relating to the non-financial underlying assets of the financial derivatives provided under hyphens 5, 6 and 7 of Point 7 of the introductory title of Law 10/2008, of 12 June, regulating collective investment schemes under Andorran law, when linked to the provision of investment services or ancillary services	EUR 500
<b>Complementary activity</b>	<b>EUR 1,000</b>

5. Accrual and settlement: this fee is due, at the latest, on 30 April of the current year or on starting activity in the case of a newly created entity. If the start of activity is not the same as the start of the calendar year, the fee is paid pro rata the period of activity in the current year. This fee is no longer payable when the entity is deregistered.

6. Update and modification of the fees:

- a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
- b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 34. Annual fee for the supervision of companies managing collective investment schemes (SGOIC)**

1. An annual fee is established for the supervision of companies managing collective investment schemes.
2. The event incurring this fee is the provision of the supervision and control service by the AFA.
3. The fee payer is the supervised Andorran company managing collective investment schemes.
4. The fee is determined by a fixed amount of EUR 3,000.
5. For companies managing collective investment schemes that carry out individualised discretionary management of portfolios or advise on investment or functions relating to the safekeeping and administration of shares in investment funds, the fee is increased by EUR 2,000.
6. Accrual and settlement: this fee is due, at the latest, on 30 April of the current year or on starting activity in the case of a newly created entity. If the start of activity is not the same as the start of the calendar year, the fee is paid pro rata the period of activity in the current year. This fee is no longer payable when the entity is deregistered.
7. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 35. Annual fee for the supervision of collective investment schemes (CIS) under Andorran law**

1. An annual fee is established for the supervision of collective investment schemes under Andorran law, based on their type.
2. The event incurring this fee is the provision of the supervision and control service by the AFA.
3. The fee payer is the supervised CIS.
4. The fee is determined by a fixed amount according to the type of CIS, as established below:

Type of CIS	Annual supervision fee
UCITS without compartments	EUR 1,800
UCITS with compartments	EUR 1,800 + EUR 800 per compartment
Other CIS without compartments	EUR 3,300
Other CIS with compartments	EUR 3,300 + EUR 800 per compartment
Self-managed SICAV without compartments	EUR 3,300
Self-managed SICAV with compartments	EUR 3,300 + EUR 800 per compartment

5. Accrual and settlement: this fee is due, at the latest, on 30 April of the current year or on starting activity in the case of a newly created entity. If the start of activity is not the same as the start of the calendar year, the fee is paid pro rata the period of activity in the current year. This fee is no longer payable when the entity is deregistered.
6. Update and modification of the fees:

- a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
- b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 36.** *Annual fee for the supervision of Andorran non-bank specialised credit financial institutions (EFCE)*

- 1. An annual fee is established for the supervision of Andorran non-bank specialised credit financial institutions (EFCE).
- 2. The event incurring this fee is the provision of the supervision and control service by the AFA.
- 3. The fee payer is the supervised Andorran non-bank specialised credit financial institution (EFCE) .
- 4. The fee is determined by a fixed amount of EUR 10,000.
- 5. Accrual and settlement: this fee is due, at the latest, on 30 April of the current year or on starting activity in the case of a newly created entity. If the start of activity is not the same as the start of the calendar year, the fee is paid pro rata the period of activity in the current year. This fee is no longer payable when the entity is deregistered.
- 6. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 37.** *Annual fee for supervision on a consolidated basis of financial entities and companies managing collective investment schemes*

- 1. A supplementary annual supervision fee is established for supervision on a consolidated basis of financial investment entities and companies managing collective investment schemes on the basis of the number and type of foreign affiliates or foreign subsidiaries of each banking entity.
- 2. The event incurring this fee is the provision of the supervision and control service by the AFA.
- 3. The fee payer is the supervised Andorran entity.
- 4. The fee is determined by a fixed amount, consisting of:
  - 1. A supplementary annual supervision fee for supervision on a consolidated basis of EUR 5,000 for all financial entities and companies managing collective investment schemes subject to supervision on a consolidated basis by the AFA, where appropriate.
  - 2. A supplementary annual supervision fee for supervision on a consolidated basis for all subsidiary financial entities and companies managing collective investment schemes under the supervision of a foreign financial or insurance supervisory authority, as established below:

Type of affiliate or subsidiary	Annual supervision fee
For each supervised active foreign non-bank affiliate included in the scope of consolidated supervision	EUR 6,000
For each branch under an entity operating within the system	EUR 4,000
For each representative office under an entity operating within the system	EUR 1,000

- 5. Accrual and settlement: this fee is due, at the latest, on 30 April of the current year or on starting activity in the case of a newly created entity. If the start of activity is not the same as the start of the

calendar year, the fee is paid pro rata the period of activity in the current year. This fee is no longer payable when the entity is deregistered.

6. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.

b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 38. Annual supervision fee for Andorran payment institutions**

1. An annual fee is established for the supervision of Andorran payment institutions.

2. The event incurring this fee is the provision of the supervision and control service by the AFA.

3. The fee payer is the supervised Andorran payment institution.

4. The fee is determined by a fixed amount based on the authorised payment services, as established below:

Type of services	Annual supervision fee
a) Services enabling cash to be deposited in a payment account and any transactions required to manage a payment account.	EUR 1,000
b) Services enabling the withdrawal of cash from a payment account and any transactions required to manage a payment account.	EUR 1,000
c) Execution of payment transactions, including transfers of funds through a payment account to the provider of the user's payment service or another payment service provider: i) execution of direct debits, including one-off direct debits; ii) execution of payment transactions via a payment card or similar device; iii) execution of credit transfers, including standing orders.	EUR 1,000
d) Execution of payment transactions where the funds are covered by a line of credit for a payment service user: i) the execution of direct debits, including one-off direct debits; ii) the execution of payment transactions via a payment card or similar device; iii) the execution of credit transfers, including standing orders.	EUR 2,000
e) The issuance of payment instruments and / or acquisition of payment transactions.	EUR 1,500
f) Money remittance	EUR 500
g) Payment initiation services	EUR 3,000
h) Account information services	EUR 2,000

5. Accrual and settlement: this fee is due, at the latest, on 30 April of the current year or on starting activity in the case of a newly created entity. If the start of activity is not the same as the start of the calendar year, the fee is paid pro rata the period of activity in the current year. This fee is no longer payable when the entity is deregistered.

6. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.

b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 39. Annual supervision fee for Andorran electronic money institutions**

1. An annual fee is established for the supervision of Andorran electronic money institutions.

2. The event incurring this fee is the provision of the supervision and control service by the AFA.
3. The fee payer is the supervised Andorran electronic money institution.
4. The fee is determined by a fixed amount of EUR 3,000.
5. Accrual and settlement: this fee is due, at the latest, on 30 April of the current year or on starting activity in the case of a newly created entity. If the start of activity is not the same as the start of the calendar year, the fee is paid pro rata the period of activity in the current year. This fee is no longer payable when the entity is deregistered.
6. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Article 40. Fees for processes of prior authorisation and/or registration by the AFA**

1. A prior authorisation fee and a fee for the registration of administrative acts are established.
2. The events incurring this fee are the analysis, assessment and decision on the application for prior authorisation and the application for registration of the corresponding act by the AFA.
3. The fee payer is the supervised entity that submits the application for prior authorisation and/or registration of the corresponding act.
4. The fee is determined by a fixed amount, as established below:

Fee concept	Fee for prior authorisation and/or registration
Prior authorisation process	EUR 500 – 100,000
Registration process	EUR 300 – 50,000

5. The AFA is authorised to establish, through a technical communiqué, the respective fee for the analysis, assessment and decision on an application for prior authorisation and application for registration, for the purpose of establishing the amount of these fees for each type of administrative act that requires these processes, determined by a set amount within the range established in the preceding point.
6. Accrual and settlement: these fees accrue on applying for prior authorisation and/or registration and must be paid to the AFA at the time of submitting the applications. The AFA shall not initiate the process of analysis, assessment and decision of the application until the corresponding payment has been received.
7. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned through a technical communiqué.
  - b) The amounts of the fees established in this article can be updated or modified through the Budget Law.

**Chapter five. Fees for the provision of services within the sphere of insurance and reinsurance**

**Article 41.** *Application fee for authorisation to start up an insurance or reinsurance entity resident in the Principality of Andorra*

1. An application fee is established for authorisation to start up an insurance or reinsurance entity resident in the Principality of Andorra.
2. The events incurring this fee are the analysis, assessment and decision on the application for authorisation to start up an insurance or reinsurance entity.
3. The fee payer is any natural person or legal entity, on behalf of whom the application procedure is initiated for authorisation to start up an insurance or reinsurance entity.
4. The fee consists of a fixed amount of EUR 10,000.
5. Accrual and settlement: the fee accrues on requesting authorisation and must be paid to the AFA at the time of submitting the relevant application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.
6. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amount of the fee established in this article can be updated or modified through the Budget Law, and one amount can be set for insurance entities and another for reinsurance entities.

**Article 42.** *Application fee for authorisation to establish a branch of a non-resident insurance or reinsurance entity in the Principality of Andorra*

1. An application fee is established for authorisation to establish a branch of a non-resident insurance or reinsurance entity in the Principality of Andorra.
2. The events incurring this fee are the analysis, assessment and decision on the application for authorisation to establish a branch of a non-resident insurance or reinsurance entity in the Principality of Andorra.
3. The fee payer is the non-resident insurance or reinsurance entity that initiates the application procedure for authorisation to establish it.
4. The fee consists of a fixed amount of EUR 10,000.
5. Accrual and settlement: the fee accrues on requesting authorisation and must be paid to the AFA at the time of submitting the relevant application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.
6. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amount of the fee established in this article can be updated or modified through the Budget Law, and one amount can be set for insurance entities and another for reinsurance entities.

**Article 43.** *Application fee for the authorisation of specific operations relating to the activities of insurance and reinsurance entities in the Principality of Andorra*

1. An application fee is established for the authorisation of specific operations relating to the activities of insurance and reinsurance entities in the Principality of Andorra.
2. The event incurring this fee are the analysis, assessment and decision on the application for authorisation of the following operations:
  - a) Authorisation or modification of internal models.
  - b) Outsourcing or concentration of functions.

- c) Portfolio transfer.
- d) Structural modifications.
- e) Adjustments for the calculation of technical provisions.
- f) Authorisation for repayment of own-fund items.
- g) Expansion or discontinuation of the activities of the insurance or reinsurance entity.
- h) Changes and appointments in senior management.
- i) Changes in qualifying holdings.
- j) Changes in appointments of external auditors.
- k) Issuance of certificates.
- l) Waiver of publication of the annual report.
- m) Establishment of control functions within the group.

These operations must comply with Law 12/2017 of 22 June on the regulation and supervision of insurance and reinsurance in the Principality of Andorra, and its implementing regulations.

3. The fee payer is the insurance or reinsurance entity that initiates the application procedure for authorisation of one of the operations referred to in the previous section. In the case of subsection c), the fee payer is the transferor entity.

4. The fee consists of a fixed amount according to the type of administrative act subject to the application for authorisation, on the following terms:

<b>Fee concept</b>	<b>Total fee</b>
Authorisation or modification of internal models	EUR 2,000
Outsourcing or concentration of functions	EUR 300
Portfolio transfer	EUR 1,500
Structural modifications	EUR 1,500
Adjustments for the calculation of technical provisions	EUR 600
Authorisation for repayment of own-fund items	EUR 1,500
Expansion or discontinuation of the activities of the insurance or reinsurance entity	EUR 5,000
Changes and appointments in senior management	EUR 300
Changes in qualifying holdings	EUR 600
Changes in appointments of external auditors	EUR 300
Issuance of certificates	EUR 200
Waiver of publication of the annual report	EUR 300
Establishment of control functions within the group	EUR 600

5. Accrual and settlement: the fee accrues on requesting authorisation and must be paid to the AFA at the time of submitting the relevant application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.

6. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.

b) The amount of the fee established in this article can be updated or modified through the Budget Law.

**Article 44.** *Application fee for the declaration of equivalence in article 29.5 of Law 12/2017 of 22 June on the regulation and supervision of insurance and reinsurance in the Principality of Andorra*

1. An application fee is established for the declaration of equivalence relating to the establishment of branches of non-resident insurance entities in the Principality of Andorra, regulated by article 29.5 of Law 12/2017 of 22 June on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.
2. The event incurring this fee is the analysis and assessment of the solvency and supervision regime of the country of origin of the non-resident entity, and the decision on the application for authorisation of the declaration of equivalence.
3. The fee payer is the non-resident entity wishing to operate a branch in the Principality of Andorra.
4. The fee consists of a fixed amount of EUR 1,500.
5. Accrual and settlement: the fee accrues on requesting authorisation and must be paid to the AFA at the time of submitting the relevant application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.
6. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amount of the fee established in this article can be updated or modified through the Budget Law.
7. The AFA can pass on any third-party cost incurred in the analysis of the declaration of equivalence.

**Article 45.** *Application fee for authorisation to apply the simplified regime referred to in article 42.5 of Law 12/2017 of 22 June on the regulation and supervision of insurance and reinsurance in the Principality of Andorra*

1. An application fee is established for authorisation to apply the simplified regime referred to in article 42.5 of Law 12/2017 of 22 June on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.
2. The event incurring this fee is the analysis, assessment and decision on the application for authorisation to apply the simplified regime.
3. The fee payer is the insurance or reinsurance entity that initiates the application procedure for authorisation to apply the simplified regime.
4. The fee consists of a fixed amount of EUR 1,000.
5. Accrual and settlement: the fee accrues on requesting authorisation and must be paid to the AFA at the time of submitting the relevant application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.
6. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amount of the fee established in this article can be updated or modified through the Budget Law.

**46.** *Application fee for authorisation to initiate the procedure of dissolution and liquidation of insurance and reinsurance entities*

1. An application fee is established for authorisation to initiate the procedure of dissolution and liquidation of insurance and reinsurance entities.
2. The event incurring this fee is the analysis, assessment and decision on the application for authorisation to initiate the procedure of dissolution and liquidation of insurance and reinsurance entities.
3. The fee payer is the insurance or reinsurance entity that applies to initiate the procedure of dissolution and liquidation.
4. The fee consists of a fixed amount of EUR 3,000.
5. Accrual and settlement: the fee accrues on requesting authorisation and must be paid to the AFA at the time of submitting the relevant application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.
6. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amount of the fee established in this article can be updated or modified through the Budget Law.

**Article 47.** *Registration fee of the Intermediaries Register of the AFA*

1. An application fee is established for registration in the AFA's Intermediaries Register.
2. The event incurring this fee is the analysis, assessment and decision on the application for registration in the AFA's Intermediaries Register.
3. The fee payer is the natural person or legal entity on whose behalf registration in the AFA's Intermediaries Register to act as an insurance intermediary is requested.
4. The fee consists of a fixed amount of EUR 500.
5. Accrual and settlement: the fee accrues on requesting authorisation and must be paid to the AFA at the time of submitting the relevant application. The AFA shall not initiate the process of analysis, assessment and decision on the application until the corresponding payment has been received.
6. Update and modification of the fees:
  - a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.
  - b) The amount of the fee established in this article can be updated or modified through the Budget Law.

**Article 48.** *Annual fee for the supervision of the insurance activities of resident insurance and reinsurance entities or branches of non-resident entities*

1. An annual fee is established for the supervision of resident insurance and reinsurance entities and branches of non-resident insurance and reinsurance entities.
2. The event incurring this fee is the provision of the service of continuous supervision and control by the AFA. This fee is without prejudice to any that may accrue from other events under this Law.
3. The fee payers are:
  - a) Insurance and reinsurance entities resident in the Principality of Andorra.
  - b) Branches of non-resident insurance and reinsurance entities, authorised to operate in the Principality of Andorra.
4. The fee consists of a variable amount, resulting from applying a rate of 0.95 per thousand on the tax base consisting of the gross premiums issued by the payer.

5. Accrual and settlement: the fee is due annually within three months of the start of the calendar year. If the fee payer starts activities after the due period has started, he must pay the pro rata amount of the appropriate fee within three months after the end of the due period.

6. Update and modification of the fees:

a) The AFA is authorised to update the previously set amounts according to developments in the Consumer Price Index. To this end, the AFA shall notify the new fees to all the entities concerned, through a technical communiqué.

b) The amount of the fee established in this article can be updated or modified through the Budget Law. In addition, through the Budget Law, different amounts can be established for the following types of entity:

i. entities operating within the branch of life insurance; entities operating within the branch of non-life insurance, and entities authorised to operate within both branches;

ii. insurance entities and reinsurance entities ;

iii. entities resident in the Principality of Andorra and branches of non-resident entities operating within the Principality of Andorra.

#### First transitional provision

The annual supervision fee which, under the provisions of Chapter Four of this Law, must be paid by the entities operating within the financial system and collective investment schemes under Andorran law shall be applied to financial years commencing from the entry into force of this Law.

#### Second transitional provision. Validity of authorisations granted before 1 January 2018

In accordance with the second transitional provision of Law 12/2017 of 22 June on the regulation and supervision of insurance and reinsurance in the Principality of Andorra, administrative authorisations granted to insurance and reinsurance entities and branches of non-resident entities appointed under previous legislation need not submit a new application for authorisation, without prejudice to being subject to the new ordinary or simplified supervisory regime and the requirement to pay the appropriate fee from entry into force of this Law.

#### Third transitional provision. Mandatory registration for insurance intermediaries operating within the Principality of Andorra

Intermediaries carrying out their activities in the Principality of Andorra must apply for registration in the Intermediaries Register and pay the appropriate fee within three months of entry into force of this Law.

#### Fourth transitional provision

The AFA has until 31/12/2020 to develop the specific provisions relating to the procedure for reporting potential infringements.

#### Fifth transitional provision. Annual fee for Andorran banking entities

The amounts of the fees established in article 32 are applicable to fees that accrue in financial years starting after 31 December 2018.

#### Derogatory provision

Law 14/2003 of 23 October on the Andorran National Institute of Finance; article 45 of Law 14/2010 of 13 May on the legal regime for banking entities and basic administrative regime for entities operating within the financial system; the Decree of 24 November 2010 approving the regulations

implementing section 5 of article 45 of Law 14/2010; article 53 of Law 10/2008 of 12 June regulating collective investment schemes under Andorran law; the fourth additional provision of Law 35/2010 of 3 June on the regime for authorising the creation of new entities operating within the Andorran financial system, and article 22 of the Law regulating the solvency and liquidity criteria of financial entities of 29 February 1996 are repealed, and also any other provision of the same or a lower rank that contradicts the provisions of this Law.