

# REPUBLIC OF ARMENIA

## LAW

Adopted on 21 June, 2014

### **ON ADDITIONAL GUARANTEES FOR THE PROTECTION OF THE RIGHTS AND LEGAL INTERESTS OF PARTICIPANTS OF THE FUNDED COMPONENT OF THE PENSION SYSTEM**

The purpose of this law is to establish the immunity of ownership over the mandatory pension fund shares obtained at the expense of funded allocations for (in benefit of) persons making social contribution charges, to define additional guarantees for the protection of the rights and legal interests of the participants of the funded component, to provide for continuity of protection of such rights and interests in the event a state of emergency is declared under the law, in order to ensure the provisions of the Law of the Republic of Armenia "On Funded Pensions".

#### **Article 1. Immunity of funded allocations**

1. Funded allocations made for (in benefit of) the participant can be used exclusively for purposes arising in connection with the pension system.
2. No one shall be deprived of the right of ownership over the funded allocations paid for (in benefit of) him/her (from the shares of the pension fund acquired at their expense) and the right of ownership over the cumulative income received as a result of management of such allocations. Exceptions to this provision cannot be provided. The funded allocations made for (in benefit of) the participants of the funded pension component and the cumulative income received as a result of management of such allocations cannot be nationalized, expropriated or otherwise used for the needs of the society or the state.

#### **Article 2. Continuity of protection of the rights and legal interests of the participant of the funded component of the pension system**

1. Protection of the rights and legal interests of the participants of the funded component of the pension system, as defined by this law and other laws, shall be guaranteed.
2. The Republic of Armenia undertakes to ensure guaranteed continuity of protection of rights and legitimate interests of the participants also in case of accidents caused by insurmountable force

(force majeure), emergency situations and in the event of declaring a state of emergency under other circumstances.

3. Considering the possibility of occurrence of cases and events as provided for in this article, the Central Bank of the Republic of Armenia may, together with other state administration bodies, establish additional mechanisms and safeguards for the protection of the rights and legal interests of the participants of the funded component of the pension system.

### **Article 3. Participant's right to receive information from administrative authorities regarding his/her rights, legal interests and obligations**

1. The administrative authority shall be required to inform the participant about his/her rights and obligations, to provide the information necessary to know how the rights and obligations are exercised, to answer the participant's questions.

2. When providing the information as referred to in part 1 of this article, the representative of the administrative authority shall be guided by the presumption of reasonableness.

3. The representative of the administrative authority shall provide the information as referred to in part 1 of this article in simple, easy-to-understand Armenian.

4. At the request of the participant, the representative of the administrative authority shall, where necessary, take care to provide the information as referred to in part 1 of this article in a foreign language.

### **Article 4. Participant's awareness of his/her rights, legal interests and obligations**

1. The administrative authorities responsible for implementation of the Republic of Armenia Law "On Funded Pensions" shall be required to ensure access to information about the participant's rights, legal interests and obligations throughout their activities.

2. The administrative authorities responsible for implementation of the Republic of Armenia Law "On Funded Pensions" shall be required to have an appropriate sub-page on their official Internet website with comprehensive information on the rights, legal interests and obligations of the participant.

### **Article 5. The participant's right to apply to the Financial System Mediator**

1. For the effective implementation and protection of the rights and legal interests guaranteed by this law and the Republic of Armenia Law "On Funded Pensions", the participant may submit a claim to the Financial System Mediator on the grounds and in the manner prescribed by the Republic of Armenia Law "On the Mediator of the Financial System".

2. Disputes arising in connection with the laws as referred to in part 1 of this article, regardless of whether appealed administratively or judicially, may be submitted to the Financial System Mediator for examination and resolution.

#### **Article 6. Privileges regarding state fees**

1. In the event of disputes arising in connection with this law, the Republic of Armenia Law "On Funded Pensions", the participants are exempt from the obligation to pay state fees in the courts of the Republic of Armenia in accordance with the procedure established by the Republic of Armenia Law "On State Taxes".

#### **Article 7. Entry into force of the law worsening the judicial situation of the participant**

1. Provisions limiting the rights and legal interests of the participants or otherwise worsening their judicial situation may be established exclusively by the laws of the Republic of Armenia.

2. The law that worsens the judicial situation of the participant and establishes a stricter judicial regime for him/her relative to the Republic of Armenia Law "On Funded Pensions" can enter into force no earlier than 2 years after its official publication.

#### **Article 8. Guarantees as and when the funded component of the pension system terminates**

1. Participants of the funded component of the pension system are exempt from making social contributions and any other obligations related thereto, if the funded component of the pension system ceases to operate in the Republic of Armenia, or a shift to any other pension system is made.

2. In the event as provided for in part 1 of this article, the Republic of Armenia Government shall take measures to ensure returning of funds in the pension account of the participant of the funded component of the pension system. In this case, the participant will be able to manage the shares in his/her pension account, including to carry out the redemption of the shares in the account.

#### **Article 9. Fiduciary duty of pension fund manager, custodian, account operator, runner of register of participants**

1. Mandatory pension fund manager, custodian, account operator, runner of register of participants and their employees shall be required to act in the interests of the participants, exercise their rights and perform their functions/duties towards fund participants in good faith and reasonably, at a professional level (fiduciary duty).

2. The cases and nature of violation by the persons, as referred to in part 1 of this article, of their fiduciary duties shall be established by normative legal acts of the Central Bank of the Republic of Armenia.

**Article 10. Final provision**

This law enters into force starting July 1, 2014.

**S. Sargsyan,**  
**President, Republic of Armenia**

27 June, 2014

c. Yerevan

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