

REPUBLIC OF ARMENIA

CENTRAL BANK BOARD

Resolution

May 24, 2011 No 156-N

On Approving Regulation 10/09 “Requirements to Procedure on Issuing Shares of Compulsory Pension Funds, Rules for Acquisition of Shares in Compulsory Pension Fund by the Manager of Compulsory Pension Fund”

(Heading was amended on 15.17.14 by Resolution No 185-N)

This Regulation includes amendments

introduced by the CBA Board:

No 332-N, dated 27.12.13; No 280-N dated 10.12, 13; No 100-N, dated 28.04.17.

With the view to ensuring unified procedure for issuing shares of all compulsory pension funds, based on the Republic of Armenia Law “On Fully Funded Pensions”, Article 11 paragraph 6, Article 12 paragraph 9, Article 25 paragraph 2, Article 26 paragraph 4, and Article 37 paragraph 3 of the Republic of Armenia law “On Funded Pensions”, pursuant to Article 20 paragraph “e” of the Republic of Armenia Law “On Central Bank of the Republic of Armenia”, and Article 16 of the Republic of Armenia Law “On Legal Acts”, the Republic of Armenia Central Bank Board hereby decides:

(Preamble was supplemented on 27.12.13 by Resolution No 332-N, amended on 15.07.14 by Resolution No 185-N)

1. Approve Regulation 10/09 “Requirements to Procedure on Issuing Shares of Compulsory Pension Funds, Rules for Acquisition of Shares in Compulsory Pension Fund by the Manager of Compulsory Pension Fund” as in accordance with the attached Appendix.

(paragraph 1 was amended on 15.07.14 by Resolution No 185-N)

2. This Resolution shall enter into force on the tenth day after promulgation.

Artur Javadyan
Republic of Armenia
Central Bank Chairman

Regulation 10/09

Requirements to Procedure on Issuing Shares of Compulsory Pension Funds, Rules for Acquisition of Shares in Compulsory Pension Fund by the Manager of Compulsory Pension Fund

(Heading was amended on 15.17.14 by Resolution No 185-N)

CHAPTER 1. Subject of Regulation and Main Concepts

1. This Regulation defines requirements to procedure on issuing compulsory pension fund shares, rules on conversion of investments made from compulsory pension fund manager's equity into pension fund shares and redemption of shares.

2. Terms used in this Regulation have the following meanings:

- 1) Central Bank means Central Bank of the Republic of Armenia;
- 2) Law means the Republic of Armenia Law "On Funded Pensions";
- 3) Fund means compulsory pension fund;
- 4) Participant means fund participant.

3. Other concepts used in this law have the meanings as defined in the Republic of Armenia Law "On Investment Funds", the Republic of Armenia Law "On Funded Pensions" and the Republic of Armenia Law "On Securities Market".

CHAPTER 2. Requirements to Procedure on Issuing Compulsory Pension Fund Shares

4. Pursuant to procedure established in Article 11.1 of the Law, transfer of shares in quantities equal to the funded contributions to the pension account of the participant shall be made, in accordance with paragraph 8 of this Regulation, based on the latest available placement price, which was provided to the operator of participant's register and disclosed.

(paragraph 4 was supplemented on 10.12.13. by Resolution No 280-N, amended on 15.17.14 by Resolution No 185-N)

5. If the participant does not select the fund by the day of transferring by the register operator the amounts defined in Article 9. 6 of the Law to the account opened at the Central Bank, transfer of shares to pension account shall be made in accordance with paragraphs 6 and 7 of this Regulation.

(paragraph 5 was amended on 15.07.14 by Resolution No 185-N)

6. If, based on information defined in Article 9.7 of the Law, participant sends to the operator of register application on selection of the fund (hereinafter in this Chapter referred as Application) within 30 days after opening pension account, operator of participants register shall transfer shares onto the pension account of the participant based on the placement price of the respective fund shares as provided in paragraph 4 of this Regulation.

(paragraph 6 was amended on 15.07.14 by Resolution No 185-N)

7. If, based on information defined in Article 9.7 of the Law, the participant does not submit application on choosing the fund to the operator of participants register within 30 days after opening the pension account, after the end of 30 business day, but not later than on the next business day, operator of participants register shall:

- 1) choose the fund for the person in manner established by Article 34, paragraph 1 of the Law;
- 2) transfer to the pension account of the participant shares in quantities equal to the funded contributions made for (for the benefit of) each participant, in accordance with paragraph 8 of this Regulation, based on the latest available placement price, which was provided to the operator of participant's register and disclosed;
- 3) transfer to the specified account of the respective fund's custodian the amount equal to the funded contributions made for (for the benefit of) the participant
- 4) provide information to the manager of each fund on the quantity of shares of the respective fund transferred to pension accounts in accordance with clause 2 of this paragraph, without disclosing participants who made the selection.

(paragraph 7 was edited on 10.12.13. by Resolution No 280-N, amended on 15.07.14 by Resolution No 185-N)

8. Fund manager shall calculate settlement value, placement and buyback (redemption) prices of shares of each managed fund for each business day and submit information to the operator of participants register by 15:00 of the next business day. Upon receiving form manager information on settlement value, placement and buyback

(redemption) prices of shares for each fund, operator of participants register shall promptly disclose it on its website. Following the delivery of information to the operator of participants register, in accordance with this paragraph, fund manager shall disclose it on its website, but not later than by close of that business day. Requirement on disclosure stipulated by Article 29.1 of the Republic of Armenia Law “On Investment Funds” shall be deemed fulfilled by the manager of compulsory pension fund also in the case of delivery of prices of shares to the operator of participants register, in accordance with the procedure established in this paragraph, and disclosure of those prices by the operator of participants register.

(paragraph 8 was edited on 10.12.13. by Resolution No 280-N, amended on 28.04.17, No 100).

9. *(paragraph 9 was repealed on 10.12.13. by Resolution No 280-N).*

10. Settlement value, allocation and buyback (redemption) prices of fund shares shall be rounded with accuracy of four digits after fraction comma (prices may be disclosed with accuracy of two digits after fraction)

(paragraph 10 was supplemented on 15.07.14 by Resolution No 185-N).

11. The number of fund shares shall be rounded with accuracy of six digits after fraction comma.

12. Compulsory contributions and payments made for the buyback (redemption) of shares shall be rounded with accuracy of two digits after fraction comma.

(paragraph 12 was amended on 15.07.14 by Resolution No 185-N)

13. *(paragraph 13 was repealed on 10.12.13. by Resolution No 280-N).*

14. In case of receiving application from a participant for exchange of shares, operator of participants shall promptly notify the respective fund manager about the number of its shares subject to exchange according to application.

CHAPTER 3. Procedure on Acquisition and Redemption of Shares of Compulsory Pension Fund by Manager of Compulsory Pension Fund

(Heading was amended on 15.17.14 by Resolution No 185-N)

15. The size of fund manager’s participation shall be determined based on the ratio between the number of fund shares owned by fund manager and total placed amount of shares of the respective fund, which are not bought back.

16. *(paragraph 16 was repealed on 10.12.13. by Resolution No 280-N).*

17. Promptly upon receiving the payment for acquisition of shares of the respective managed fund, but not later than within 1 business day, fund manager shall transfer to the account of the operator of participants register fund shares defined in the application on acquisition of shares.

(paragraph 17 was amended on 10.12.13. by Resolution No 280-N).

18. The amount of shares which must be transferred to fund manager as defined in paragraph 17 of this Regulation shall be determined based on the latest available placement price of shares, which was provided to the operator of participant's register in accordance with paragraph 8 of this Regulation.

(paragraph 18 was amended on 10.12.13. by Resolution No 280-N).

19. Operator of participants register shall provide to fund manager information about the quantity and placement price of shares transferred to the fund manager account in accordance with paragraph 17 of this Regulation, not later than within 1 business day after transfer of shares to the account of fund manager in accordance with paragraphs 17-18 of this Regulation.

(paragraph 19 was amended on 10.12.13. by Resolution No 280-N).

20. Within 10 business days after receiving application from fund manager on buyback (redemption) of shares of the fund managed by it, operator of participants register shall arrange buyback (redemption) of the fund shares and payment of proceeds on buyback (redemption).

(paragraph 20 was amended on 10.12.13. by Resolution No 280-N).

21. *(paragraph 21 was repealed on 10.12.13. by Resolution No 280-N).*

22. *(paragraph 22 was repealed on 10.12.13. by Resolution No 280-N).*

23. In the case stipulated under paragraph 20 of this Regulation, buyback (redemption) of shares shall be made based on the latest available placement price of shares, which was provided to the operator of participant's register in accordance with paragraph 8 of this Regulation.

(paragraph 23 was amended on 10.12.13. by Resolution No 280-N).

24. *(paragraph 24 was repealed on 10.12.13. by Resolution No 280-N).*

25. In case of receiving notification about revocation of fund manager license, liquidation of fund or transfer of fund management to another person, buyback of shares of the fund owned by the respective fund manager shall be arranged in accordance with provisions of this Chapter.