

**BOARD OF CENTRAL BANK  
OF REPUBLIC OF ARMENIA**

January 19, 2010

No 2-N

**RESOLUTION**

**ON APPROVAL OF REGULATION 4/10 ON COMPOSITION OF SECURITIES  
TENDER OFFER STATEMENT, PROCEDURE OF PUBLICATION OF TENDER  
OFFER AND AMENDMENTS OF CONDITIONS OF TENDER OFFER, PROCEDURE  
OF CALCULATION OF TENDER OFFER MARKET PRICE, PROCEDURE OF  
MANDATORY TENDER OFFER IN CASE OF REVOCATION OF PERMISSION OF  
SECURITIES TO TRADE IN THE REGULATED MARKET, PROCEDURE OF  
EXECUTION OF ANY PUBLIC TENDER OFFER OR ADVICE ON ACCEPTANCE  
OR REFUSAL OF SECURITIES TENDER OFFER**

Having regard to the Republic of Armenia Law “On the Central Bank of Armenia”, Article 20 (e), the Republic of Armenia Law “On Legal Acts”, Article 16 (1), the Republic of Armenia Law “On Securities Market”, Article 148 (2), (3), (5), (8), Article 149 (4) and Article 152 (3) the Board of the Central Bank of Armenia decides:

1. To approve Regulation 4/10 on “Composition of securities tender offer statement and amendments of conditions of tender offer, procedure of calculation of tender offer market price, procedure of mandatory tender offer in case of revocation of permission of securities to trade in the regulated market, procedure of execution of any public tender offer or advice on acceptance or refusal of securities tender offer” pursuant to Appendix (attached).
2. This Resolution shall enter into force on the tenth day following its official publication.

Chairman of the Central Bank

A. Javadyan

January 19, 2010  
Yerevan

*Appendix to the Central Bank Board  
Resolution No 2-N of January 19, 2010*

REGULATION 4/10 ON COMPOSITION OF SECURITIES TENDER OFFER STATEMENT, PROCEDURE OF PUBLICATION OF TENDER OFFER AND AMENDMENTS OF CONDITIONS OF TENDER OFFER, PROCEDURE OF CALCULATION OF TENDER OFFER MARKET PRICE, PROCEDURE OF MANDATORY TENDER OFFER IN CASE OF REVOCATION OF PERMISSION OF SECURITIES TO TRADE IN THE REGULATED MARKET, PROCEDURE OF EXECUTION OF ANY PUBLIC TENDER OFFER OR ADVICE ON ACCEPTANCE OR REFUSAL OF SECURITIES TENDER OFFER

CHAPTER 1

SCOPE

1. This Regulation shall regulate tender offer of equity securities issued by joint stock companies registered within the territory of the Republic of Armenia and admitted to the trade in the regulated market of Republic of Armenia, particularly:
  - 1) Structure and content of tender offer statement,
  - 2) Procedure of publication of tender offer and amendments of conditions thereto,
  - 3) Procedure and conditions of mandatory tender offer in case of revocation of permission of securities to trade in a regulated market upon issuer's application,
  - 4) Procedure of calculation of market price of equity shares subject to tender offer,
  - 5) Procedure of execution of any public tender offer or advice on acceptance or refusal of securities tender offer.

CHAPTER 2

MAIN DEFINITIONS

2. Definitions

- 1) issuer- joint stock company whose securities, admitted to the regulated market, can be subject of tender offer according to the Republic of Armenia Law "On Securities Market" (hereinafter Law),
- 2) statement – document which includes information on securities tender offer and related documents provided by this Regulation,
- 3) management body – board (management board, supervisory board) and/or executive body (collegial executive body - department, directorate and/or single

executive body - officer, chief executive officer, management company or manager in case of outsourcing the responsibilities of executive body)

- 4) fair price of securities – price at which the seller who has all necessary information on securities price and no obligation to sell them, would agree to sell those securities, and the purchaser who has all necessary information and no obligation to acquire those securities would agree to purchase those securities.
3. Other definitions used in the Regulation have the same meaning as provided in the Law.

## CHAPTER 3

### STRUCTURE OF SECURITIES TENDER OFFER STATEMENT

4. Statement is composed of:
  - 1) Title page of statement.
  - 2) Information to be included in the statement of securities tender offer according to the Appendix 1.
  - 3) Related documents provided by point 6 of this Regulation.
5. Title page of statement shall at least include:
  - 1) Name of offeror (name, surname), legal form (legal entity).
  - 2) Words “STATEMENT OF SECURITIES TENDER OFFER”.
  - 3) Execution period of securities tender offer (start and end date (day/month/year) which shall not be less than 15 and more than 60 days).
6. Statement shall contain the following related documents:
  - 1) Copy of decision on tender offer of the responsible body of offeror (in case of legal entity)
  - 2) Copy of written agreement on joint activities, if person submitting the tender offer statement has an agreement with other persons on joint venture activities in relation to securities tender offer.
  - 3) Extract provided by custodian on securities issued by the issuer for tender offer and belonging to the offeror (if such securities are available).
  - 4) Copies of exhibits of purchase price of issuers securities acquired by offeror.
  - 5) Documents and/or information certifying accuracy of information contained in the securities tender offer statement (by discretion of offeror).

## CHAPTER 4

### PROCEDURE OF PUBLICATION OF TENDER OFFER AND AMENDMENTS OF CONDITIONS OF TENDER OFFER

7. Within 5 days upon receipt of prior authorization of the Central Bank of the Republic of Armenia (hereinafter Central Bank) on securities tender offer, but no later than the beginning of tender offer execution, the offeror shall publish information on

securities tender offer provided by sub points 1 and 2 of point 4 of this Regulation through its website, as well as through publication of announcement in accordance with points 8 and 9 of this Regulation. In case if offeror wishes so, as well as in absence of website, the offeror shall publish the information provided in sub points 1 and 2 of point 4 of this Regulation in newspaper specialized in financial market or in newspaper of general circulation with at least 1000 edition.

8. Offeror shall publish an announcement on securities tender offer on its website (if available), as well as in newspaper specialized in financial market, or an announcement (advertisement) in newspaper of general circulation with at least 1000 edition, on television or radio. Announcement shall include as reference to all sources from where tender offer statement may be acquired in electronic form or in hard copy.

9. The Central Bank may require the offeror to publish securities tender offer announcement through additional means.

10. Amendments of conditions of tender offer statement shall be published by offeror on its website (if available) within 3 working days upon approval by the Central Bank of such amendments. In case if offeror wishes so, as well as in absence of website, the offeror shall publish the amendments to the tender offer statement in newspaper specialized in financial market or in newspaper of general circulation with at least 1000 edition.

## CHAPTER 5

### MANDATORY TENDER OFFER IN CASE OF REVOCATION OF PERMISSION OF SECURITIES TO TRADE IN THE REGULATED MARKET

11. This Chapter shall regulate procedure and conditions of mandatory tender offer in case of revocation of permission of securities to trade in the regulated market upon reporting issuer's application.
12. Securities mandatory tender offer shall be submitted by those shareholders of issuer who voted for the decision on revocation of permission of securities to trade in the regulated market. Moreover, shareholders of issuer who voted for the decision on revocation of permission of securities to trade in the regulated market elect a representative who shall make a mandatory tender offer on their name.
13. Securities acquired by the representative in the result of mandatory tender offer shall be distributed among shareholders of issuer who voted for the decision on revocation of permission of securities to trade in the regulated market proportionally according to the mass density volume of equity shares per shareholder in total amount of equity securities belonging to all shareholders who voted for decision on revocation of permission of securities to trade in the regulated market, unless other order of distribution is provided by mutual agreement of shareholders.
14. In case of mandatory tender offer as provided in this Chapter, only those shareholders may sell their shares who voted against the decision on revocation of permission of securities to trade in the regulated market, abstained from vote or did not participate in vote.

15. During the preparation of general meeting for the discussion of revocation of permission of securities to trade in the regulated market the following information shall be provided to the issuers' shareholders together with information provided by the Republic of Armenia Law "On joint stock companies":
- 1) Provision on securities mandatory tender offer as a result of revocation of permission of securities to trade in regulated market upon issuers application,
  - 2) Reasons for revocation of permission of securities to trade in regulated market,
  - 3) Measures taken by management body of issuer to protect rights and interests of shareholders,
  - 4) Possible changes in issuers management body, as well as information on issuers future activity,
  - 5) Price and price determination methodology of securities subject to tender offer.
16. Issuer shall submit information under point 15 of this Regulation to the Central Bank within one working day, as well as publish it on its website (if available). Issuer may publish the information in newspaper specialized in financial market, newspaper of general circulation with at least 1000 edition, by television or radio and by other means.
17. In case if positive decision is made on revocation of permission of securities to trade in regulated market, decision shall contain tender offer execution procedure.

## CHAPTER 6

### PROCEDURE AND CONDITIONS OF CALCULATION OF TENDER OFFER PRICE

18. The procedure of calculation of tender offer price shall be as follows: tender offer market price is the maximum price of the following two prices:
- 1) the highest price paid by the offeror for the same class of securities within last 12 months preceding the execution of tender offer,
  - 2) the average price of same class of securities traded in the regulated market within last 6 months preceding the execution of tender offer.
19. In case if transactions by securities are not made in the regulated market or transaction have not been made within the period provided in the point 18, securities market price shall be one of the following prices:
- 1) price equal to the ratio of company net assets and amount of subscribed equity securities, or
  - 2) equity securities price assessed by independent assessor.
20. The Central Bank has right to require price review determined under point 18 and 19 of this Regulation in the following cases:
- 1) price of mandatory tender offer is determined by pre-contract between seller and buyer,
  - 2) price manipulation of tender offer securities occurred within preceding one year, or
  - 3) securities market price extremely changed as a result of exclusive events, or
  - 4) according to the justified opinion of the Central Bank fair price of equity securities is not determined.

21. Any price reviewed upon the request of the Central Bank shall be justified.

Moreover, the following shall be considered during price review:

- 1) average price of securities in the regulated market within 6 months preceding the execution of tender offer,
- 2) net asset price of issuer
- 3) assessed price of shares provided by independent assessor, or
- 4) other information used in financial analyses.

## CHAPTER 7

### PROCEDURE ON EXECUTION OF ANY PUBLIC TENDER OFFER OR ADVICE ON ACCEPTANCE OR REFUSAL OF SECURITIES TENDER OFFER

22. Immediately upon being informed on decision on tender offer but no later than the publication of tender offer, issuer's board shall inform employees union (in the absence of employees union board shall inform employees union authorized by employees or employees) thereon. Immediately upon publication of tender offer statement, issuer's board shall submit to the employees union (in the absence of employees union board shall submit to employees union authorized by employees or employees) tender offer statement.

23. Requirements under points 24-27 of this Regulation shall apply to issuer's board if the board intends to provide with its opinion on securities tender offer.

24. Within 10 days upon publication of tender offer statement, the issuer's board shall publish its opinion on securities tender offer on issuer's website (if available) in accordance to the form and content provided by Appendix 2 of this Regulation. Issuer's board may also publish its opinion in newspaper specialized in financial markets, by television or radio or in newspaper of general circulation with at least 1000 edition.

25. Issuer's board inform about its opinion on securities tender offer issuer's employees union (in the absence of employees union board shall inform employees union authorized by employees or employees): notification shall be of advisory and not of mandatory nature.

26. In case if the issuer's board receive opinion on tender offer from employees union (in the absence of employees union from employees union authorized by employees or employees) prior to publication of its opinion, that opinion shall be published on the issuer's website (if available) jointly with the issuer's board opinion.

27. Copies of opinions (if such opinions are provided) of issuer's board and employees union (in the absence of employees union, employees union authorized by employees or employees) shall be submitted to the Central Bank in accordance to this Chapter in parallel with its publication.

28. In executing its obligations under this Chapter, issuer's board shall act in the interest of issuer and shareholders.

**Appendix 1**

**to Regulation 4/10 on “Composition of securities tender offer statement and amendments of conditions of tender offer, procedure of calculation of tender offer market price, procedure of mandatory tender offer in case of revocation of permission of securities to trade in the regulated market, procedure of execution of any public tender offer or advice on acceptance or refusal of securities tender offer”**

**approved by the Republic of Armenia Central Bank Board  
Resolution No 2-N of January 19, 2010**

1. Securities tender offer statement shall contain the following information:
  - 1) Name (name, surname), registration address (residence address), means of communication (phone number, fax, electronic address) of offerror,
  - 2) Name, registration address, means of communication (phone number, fax, electronic address) of issuer, number of securities by classes issued by issuer,
  - 3) Period of tender offer execution,
  - 4) Characteristics of securities subject to tender offer (code, nominal value, total amount of issuance),
  - 5) maximum and minimum volume of securities (expressed in amount and percentage) that the offerror wishes to acquire,
  - 6) payment principles for securities subject to transfer (means of payment, i.e., by money and/or by securities), payment procedure,
  - 7) purchase price of securities, moreover if in case of non mandatory tender offer payment shall be made by securities (by money and by securities simultaneously), the price is provided by the amount of securities to be transferred against one security (by the amount of securities and monetary means),
  - 8) securities price determination methodology, justification,
  - 9) characteristics of securities to be used as payment in case if payment against securities subject to tender offer shall be made by securities, particularly.

- a. Name, registration address, means of communication (phone number, fax, electronic address, website) of issuer of such securities,
  - b. Class, nominal value and code of such securities,
  - c. Rights on and obligations arising from such securities,
  - d. Amount of securities to be transferred against offerors securities,
  - e. Regulated markets where such securities are permitted to trade,
  - f. Sources from where prospectus and other related information on such securities is acquired.
- 10) Information on tender offer funding, including funding source and nature (borrowing, own funds, other). Moreover, in case of payment by borrowings it shall mention whether the borrowing is secured by guaranty, warranty, pledge or otherwise; if such measures are available detailed information shall be provided thereon,
  - 11) Participation of offeror in the statutory capital of issuer (if available) expressed in the amount of securities, as well as in percentage (participation with voting rights and non voting rights shall be provided separately),
  - 12) Participation of issuer in the statutory capital of offeror expressed in the amount of securities, as well as in percentage (if available),
  - 13) Offeror's intention on issuer's future activities (reorganization, liquidation, changes in staff and management body of issuer, capital raising policy, dividend policy, intention on changes in articles of incorporation, premiums and other promotions), on obligations of issuer, management body and staff and future listing of issuers' securities,
  - 14) If offeror has agreement on joint activities with other persons, main terms of agreement, which provides for the responsibilities of persons agreed to act jointly in case of tender offer failure (if available),
  - 15) Provision on whether the offeror has been sanctioned for infringement of securities market regulation legislation within last 5 years preceding submission of tender offer statement, is not deprived from right of acting in commercial, economic, financial and legal areas,
  - 16) Legal or other proceedings which can affect the activities of offeror,
  - 17) Means by which offeror intends to publish information on securities tender offer,
  - 18) Other information (by discretion of offeror),
  - 19) Certification by person(s) preparing tender offer statement confirming that information contained in the statement is accurate and correct and does not contain flaws.

**Appendix 2**

**to Regulation 4/10 on “Composition of securities tender offer statement and amendments of conditions of tender offer, procedure of calculation of tender offer market price, procedure of mandatory tender offer in case of revocation of permission of securities to trade in the regulated market, procedure of execution of any public tender offer or advice on acceptance or refusal of securities tender offer”**

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**ISSUERS BOARD OPINION ON SECURITIES TENDER OFFER**

\_\_\_\_\_ (issuers firm name, legal form)

Board receiving the statement of voluntary (mandatory) tender offer from offeror

\_\_\_\_\_ (name (name, surname) of offeror, legal form (for legal entity))

made the following decision during \_\_\_\_\_, 20\_\_\_\_ board meeting:

1. Board opinion on securities tender offer.
2. Board opinion on offerors' plans and intentions (with regard to issuer):
  - 1) Possible effects of securities tender offer on issuer's activity,
  - 2) Possible effects of securities tender offer on issuers employment level,

- 3) Opinion on offerors strategy plans and its effect on issuer's employment level and activities of staff.
3. Board opinion on issuer's securities purchase price.
4. Advice, together with justifications, on acceptance or refusal of securities tender offer addressed to issuers shareholders. Reasons for not giving an advice shall be provided in the absence of advice.
5. Provision on existence of written agreement on securities tender offer execution between issuer's board members and offeror.
6. Provision on existence of written agreement between issuer's board members and offeror's management bodies on joint management policy of issuer's company (if applicable).
7. Amount of securities with voting rights of issuers board members in the statutory capital of offeror (if applicable).
8. Number of issuer's board members and their voting results on this opinion:
  - 1) Number of board members required by law (if determined),
  - 2) Number of board members participated in the board meeting,
  - 3) Number of board members voted for this opinion,
  - 4) Number of board members voted against this opinion,
9. Other information (by discretion of issuer's board member).

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(person's name, surname)	(position/title)	(signature)
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Date: \_\_\_\_\_ 20\_\_

