

December 27, 2013, No. 315-N

Approving the “Procedure on Getting Preliminary Consent of the Central Bank for Annulment of Permission to Mandatory or Voluntary Pension Fund Management; Procedure on Selecting a New Mandatory Pension Fund Manager”

The Central Bank Board resolution No. 174-N, dated July 15, 2014 is incorporated in this regulation

Regulation was amended

Whereas securing rights and lawful interests of fund participants as a result of annulment of permission to mandatory or voluntary pension fund management as well as assignment of mandatory pension fund manager, ensuring effective supervision by the Central Bank over risks deriving from these policies and processes as well as the transparency of such policies and processes;

By virtue of article 59 (4) of the Republic of Armenia Law on Investment Funds, article 27 (2) and (3) of the Republic of Armenia Law on Funded Pensions, article 20 (e) of the Republic of Armenia Law on the Central Bank, and article 16 (1) of the Republic of Armenia Law on Legal Acts, the Board of the Central Bank of the Republic of Armenia

Enacts:

1. Approve the “Procedure on Getting Preliminary Consent of the Central Bank for Annulment of Permission to Mandatory or Voluntary Pension Fund Management; Procedure on Selecting a New Mandatory Pension Fund Manager” pursuant to the Appendix attached hereto.
2. This resolution shall enter into force on the tenth day following its official publication.

Arthur Javadyan,
Chairman of the Central Bank

Procedure on Getting Preliminary Consent of the Central Bank for Annulment of Permission to Mandatory or Voluntary Pension Fund Management; Procedure on Selecting a New Mandatory Pension Fund Manager

Section 1. General Provisions

Chapter 1: Scope of regulation

1. This procedure defines how the documents and other information should be delivered in order to get preliminary consent of the Central Bank of the Republic of Armenia (hereinafter referred to as the “Central Bank”) for annulment of permission to mandatory or voluntary pension fund management by investment fund managers functioning in the Republic of Armenia (hereinafter referred to as the “Manager”); this procedure also defines the terms and conditions for preliminary consent of the Central Bank as well as the procedure on selecting a new mandatory pension fund manager.
2. Manager shall select a new mandatory pension fund manager through a tender pursuant to the procedure as required by the Republic of Armenia Law, this Procedure and internal policies and procedures as may be established by the Manager’s competent body.
3. The terms and definitions used in this procedure have the same meaning as in the Republic of Armenia Law on Investment Funds and the Republic of Armenia Law on Funded Pensions.

Chapter 2. Documents and information required for getting preliminary consent of the Central bank for annulment of permission to mandatory or voluntary pension fund management

4. To get preliminary consent of the Central Bank for annulment of permission to mandatory or voluntary pension fund management, the Manager shall deliver to the Central Bank the following documents and information:
 - 1) an application for preliminary consent of the Central Bank for annulment of permission to mandatory or voluntary pension fund management according to Appendix 1 of this Resolution
 - 2) decision of the Manager’s competent body on getting preliminary consent of the Central Bank for annulment of permission to mandatory or voluntary pension fund management,

- 3) rationale for terminating the mandatory or voluntary pension fund management,
- 4) other important information, if the Manager thinks so, and
- 5) other information which the Central Bank may require for assessment of the accuracy of the information specified herewith.

5. All required documents should be submitted to the Central Bank in a print format and in Armenian, in a registered letter; they should be delivered in person or electronically through the CBANet system. The copies of the print documents should be signed by the Manager's competent body and be submitted with an inscription "authentic".

Chapter 3. Terms and procedure for granting preliminary consent of the Central bank for annulment of permission to mandatory or voluntary pension fund management

6. The Board of the Central Bank shall make a decision on granting a preliminary consent for annulment of permission to mandatory or voluntary pension fund management or on declining such preliminary consent, within 30 working days after the application as referred to in paragraph 4 (1) herewith and other relevant documents shall have been submitted.
7. The Central Bank shall decline a preliminary consent for annulment of permission to mandatory or voluntary pension fund management, if:
 - 1) the documents submitted do not comply with the requirements of the law or regulations, or false documents were submitted or the information contained therein is not reliable, or there are deficiencies in the documents,
 - 2) the Central Bank reasonably believes the annulment conditions are not sufficiently clear and/or do not warrant legitimate interests of the fund participants.

Chapter 4: Procedure on selecting a new mandatory pension fund manager for assignment of mandatory pension fund management

8. For assignment of mandatory pension fund management to a new manager, the Manager shall select the one through a public tender. For the context of this chapter, a public tender involves an open tender which the Manager holds for assignment of mandatory pension fund management to a newly selected fund manager. The contract for assignment of mandatory pension fund management will be signed with the successful bidder of the open tender, which shall have met the established criteria according to the decision of tender committee established by Manager and offered the best conditions of public tender.

9. The Manager which holds the tender shall publish the announcement of the open tender in newspapers with at least 1000 issue, place such an announcement on its Internet website and other electronic means at least 30 (thirty) days before the commencement of the tender (deadline for acceptance of bids).
10. The Manager which holds the tender shall make the offer for public tender available to all parties who wish to participate.

11. The announcement shall contain the following information:
 - 1) public tender organizer's name
 - 2) venue (address) for organizing the public tender
 - 3) description of the contract to be signed after the public tender
 - 4) deadline for acceptance of bids
 - 5) the list of documents and information required for participating in the public tender
 - 6) procedure for acceptance of tender bids
 - 7) procedure for recognizing the successful bidder.

Chapter 6: Evaluation of tender bids

12. The name of the successful bidder shall be determined on the day of evaluating tender bids on the basis of at least the following circumstances which state that the successful bidder :

- 1) is independent from the Manager which holds the tender,
- 2) offers the lowest management fee,
- 3) is of good repute and acts as a well-known company,
- 4) has the most extensive experience in mandatory pension fund management,
- 5) is not insolvent, nor gone bankrupt; currently has no overdue obligations to the RA state budget on taxes and other dues.

13. On the day of evaluating the tender bids, the tender committee shall draw up a minutes on the results of the tender, which shall contain :

- 1) the venue and date and timing of opening and closing the tender bids,
- 2) names and positions of tender committee members and of the parties invited to the meeting,
- 3) names of the tender participants,
- 4) name of the successful bidder,
- 5) the preference criteria, based on which one of the participants has been recognized as successful bidder.

1. On the day the successful bidder is determined, the Manager's competent body and the successful bidder shall sign the minutes on the results of the tender and the contract for assignment of the fund.

Chapter 7: Tenders failed and cancelled

2. A tender will be deemed as failed and/or cancelled, if:

- 1) no bid shall have been submitted
- 2) none of the bids submitted meet the requirements laid down in the announcement for the public tender.

3. The Manager must keep documentary records and keep all tender-related documents and deliverables (contracts) after the end of the public tender.