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CENTRAL BANK OF THE REPUBLIC OF ARMENIA

BOARD RESOLUTION

19 July 2011 No. 192-N

ON APPROVAL OF REGULATION 4/14 ON “MERGER PROCEDURE FOR INVESTMENT COMPANIES”

*This version of Regulation incorporates amendments made to it by
RA CBA Board Resolution 204-N dated July 15, 2014*

With the aim of ensuring integrity of investment companies' merger procedure, as well as adequate supervision of such procedure by the Central bank of the Republic of Armenia,

By virtue of the Article 86 (parts 2 and 5), Article 87 (part 1), Article 88 of the Republic of Armenia Law on “Securities Market”, guided by the Article 16 of the Republic of Armenia Law on “Legal Acts” and the Article 20 (e) of the Republic of Armenia Law on “The Central Bank of Armenia”, the Board of the Central Bank of Armenia **decides to:**

1. Approve Regulation 4/14 on “Merger procedure for investment companies”, pursuant to Appendix (attached).
2. This Resolution shall enter into force on the tenth day following the date of its official publication.

Signed by the Chairman of the Central Bank of RA

Arthur Javadyan

MERGER PROCEDURE FOR INVESTMENT COMPANIES

REGULATION 4/15

CHAPTER 1. GENERAL PROVISIONS

1. For the purposes of receiving preliminary consent to the execution of merger contract by investment companies operating on the territory of the Republic of Armenia, this Regulation defines the information to be submitted to the Central bank of the Republic of Armenia (hereinafter referred to as Central bank), the procedure, forms and timing of such submission, documents and information to be submitted for the approval of merger contract, the procedure for submission of such documents to the Central bank for the purposes of registration of the act of transfer and the charter or changes and amendments to the charter of the acquiring company, as well as the procedure for merger announcement publication.

2. All the documents required by this Regulation shall be submitted to the Central Bank in printed copy and in Armenian, via registered mail or in person, or electronically via CBAnet system, except for information regarding managers as defined by Chapter 2 of this Regulation, which shall be submitted only electronically via CBAnet system or, if impossible, via electronic storage device. Information regarding managers shall be submitted in excel format. The copies of printed documents shall be signed by the liaised person of the investment company (companies) with the “authentic to the original” indication.

CHAPTER 2. INFORMATION AND DOCUMENTS TO BE SUBMITTED FOR THE PURPOSES OF MERGER OF INVESTMENT COMPANIES

3. For the purposes of receiving preliminary consent to the execution of merger contract, the acquiring and target investment companies, within 10 business days following the merger decision, shall submit to the Central Bank the following documents and information:

- 1) The documents pursuant to paragraph 2 of the Article 86 of the Law of the Republic of Armenia on “Securities Market” subject to the following requirements:
 - a) The application for preliminary consent to the merger shall be submitted pursuant to the Annex 1 of this Regulation;
 - b) The key terms and conditions of the transaction shall be submitted via including them in the draft merger contract pursuant to sub-paragraph 2 of this paragraph;
 - c) The three-year business plan of the acquiring company shall be submitted pursuant to the Article 26 of Regulation 4/01 on “Registration and licensing of investment companies, registration of branches and representative offices of investment companies and foreign investment companies, procedure for receiving preliminary consent to the acquisition of qualifying holding in investment company’s statutory capital, procedure, format and timing of submission of investment company’s business plan, notification by banks and credit organizations on rendering investment services” approved by the Central Bank Board Resolution 16N dated January 15, 2008;

- d) The application and other required documents (information) for the purposes of receiving preliminary consent to the acquisition of qualifying holding in acquiring investment company's statutory capital shall be submitted pursuant to the Regulation 4/01.
- 2) The draft contract between the acquiring and target investment companies, which shall include the following:
 - a) The firm names and registration information of the acquiring and target investment companies;
 - b) The procedure, terms and timing of the merger, the terms of conversion of shares and other securities of the target company in the form of a formula or other standard way;
 - c) The terms and conditions of receiving dividends (profit) for the stocks (shares) of the acquiring and target investment companies;
 - d) The voting and decision making procedures that govern joint general meetings;
 - e) The dates and procedure of preparation and implementation of the joint general meeting of the companies involved in the merger;
 - f) Other information at the discretion of the parties involved in the merger;
 - g) Rights and obligations of the parties;
 - h) A provision of such an obligation of the parties, according to which the parties shall ensure that at the time of submitting the contract to the Central bank the grounds prescribed by the fourth paragraph of the Article 86 of the Republic of Armenia Law on "Securities Market" are absent.
- 3) Rationale of the merger where the necessity and purpose of the merger shall be stated;
- 4) The balance sheets, size and calculation of main economic prudentials of the merged investment companies as of the date of the decision on merger pursuant to the reporting form number 1 and 3 (respectively) of the Regulation 4/03 on "Reports to be submitted to the Central bank by entities providing investment services, procedure, form and timing of their submission" approved by the CBA Board Resolution 140N dated April 22, 2008;
- 5) The audit opinion regarding the draft merger contract and compliance with the requirements of economic prudentials pursuant to the Republic of Armenia Law on "Securities Market" and Central bank regulations as a result of the merger;
- 6) The draft transfer act;
- 7) In case of changing the charter of the acquiring investment company, the approved new draft charter of the acquiring investment company or draft of the amendments and changes to the charter, the diagram of the acquiring company's organizational structure;
- 8) In case of changing the managers of the acquiring investment company, information required for the new managers pursuant to the Annex 1 of Regulation 4/05 on "The qualification of managers of entities providing investment services, the operator and the central depository and natural persons providing investment services, their professional compliance criteria and the list of topics for qualification test". If, for the purposes of registering the manager or receiving preliminary consent to the execution of merger contract according to this Regulation, all the information required by the Annex 1 of the Regulation 4/05

was previously submitted to the Central Bank, then at the time of submitting the information required by the Annex 1 to the Central bank, only the following fields and all the other fields that have been changed might be filled in: all the fields under points 1 and 2, 3.1 (First Name, Last Name, Middle Name), 3.3 (Date of birth).

- 9) Any other significant information at the discretion of the parties to the merger that would reflect the peculiarities of the merger.

(Paragraph 3 was amended on July 15, 2014 by 204 N)

4. Central bank may request other information regarding the merger to assess the validity of information pursuant to the 3rd paragraph of this Regulation.

5. Within one month after receiving Central bank's preliminary consent to the execution of merger contract, the acquiring and target investment companies, for the purposes of approval of the merger contract by the Board of the Central Bank, shall submit to the Central bank the following documents and information:

- 1) A letter of request according to the Annex 2 of this Regulation;
- 2) The merger contract signed by chief executive officers of the acquiring and target investment companies, and attached the decisions of the general shareholder meeting of the investment company or copies of the respective minutes regarding approval of the merger contract.

6. The documents and information pursuant to the paragraph 3 of this Regulation (except for subparagraph 5) that were submitted to the Central bank for the purposes of receiving Central bank's preliminary consent to the execution of merger contract, in case changes were made to those documents and information. Within 10 days after the approval of the merger contract by the Central bank Board and implementation of activities prescribed by the merger contract within the timeframes specified by that contract, the investment companies which made the decision on merger shall submit the following for the Central bank registration:

- 1) Transfer act approved by the investment companies that made a decision on merger, with signatures of the liaised persons of the acquiring and target investment companies and seals thereof (if available);
- 2) Approved new version of the acquiring investment company's charter or amendments and changes thereof in accordance with requirements of Regulation 4/01;
- 3) In case of a change of the firm name of the acquiring investment company, an application for firm name registration pursuant to the Regulation approved jointly by the Central bank and Republic of Armenia Minister of Justice in accordance with the Article 36 (paragraph 3.1 of part 1) of the Republic of Armenia Law on "Securities Market";
- 4) In case of changing acquiring investment company's managers, information required for the registration of managers specified in paragraph 67 of Regulation 4/05. If, for the purposes of registering a manager or in cases specified by subparagraph 7 of paragraph 3 and/or subparagraph 3 of paragraph 4 of this Regulation, all the information required by the Annex 1 of the Regulation 4/05 was previously submitted to the Central Bank, and the investment company applies thereafter to the Central Bank with a request to register the manager, then at the time of submitting the letter of request prescribed by the Annex 1 to the Central bank, only the following fields and all the other fields that have been changed might be filled in: all the fields under points 1 and 2, 3.1 (First Name, Last Name, Middle Name), 3.3 (Date of birth).

(Paragraph 6 was amended on July 15, 2014 by 204 N)

7. If a reissuance of license is necessary as a result of a merger, the acquiring investment company, in addition to the documents specified in the paragraph 6 of this Regulation, shall submit an application to the Central bank pursuant to Regulation 4/01.

(Paragraph 7 was amended on July 15, 2014 by 204 N)

8. If after submitting information (documents) pursuant to paragraphs 3,4,5 or 6 of this Regulation, changes were made to that information (documents), then the acquiring and target investment companies shall submit to the Central bank the changed information (documents) within three business days after being informed of those changes, but no later than before receiving the Central bank's decision on preliminary consent or rejection to the execution of merger contract, approval or rejection of the merger contract, registration or rejection of registration of the information (documents) specified in the paragraph 6 of this Regulation.

CHAPTER 3. PROCEDURE FOR MERGER ANNOUNCEMENT PUBLICATION

9. Merger announcement shall be published directly (not via drop-down menu) on the investment company's first page of the web-site which appears after entering the URL (the main (first) page of the company's website).

10. The merger announcement which shall be published on the investment company's website pursuant to paragraph 9 of this Regulation, as well as in media pursuant to the Republic of Armenia Law on "Securities Market", shall at least include the addresses of the acquiring and target investment companies, phone numbers, website URLs, email addresses thereof, as well as the right of the customer to cancel the agreement and information on the terms, timing and procedure of exercising such rights.

APPLICATION
(For preliminary consent to merger)

Dear

(Name(s) of the applicants, legal-organizational type and address thereof)

Upon the target investment company’s general shareholder meeting’s resolution N_ dated --
/--/---- and the acquiring investment company’s general shareholder meeting’s resolution N_ dated --
/--/----, we hereby apply in order to receive a preliminary consent to the merger.

Pursuant to the Republic of Armenia Law on “Securities Market” and Regulation 4/14 on “Merger procedure for investment companies” approved by Central bank Resolution 192-N dated 19 July, 2011, please find attached the documents and their list as required for the preliminary consent to the merger.

Attachment ---- pages.

We, the undersigned, assure that we have duly reviewed the information containing in each document attached to this application. We assure that information provided herewith is true and complete, and acknowledge that falsification of any document or information will render a rejection of this application.

We kindly ask for your consent.

Applicants _____

(First Name, Last Name, Signature of the liaised person of the acquiring investment company)

(First Name, Last Name, Signature of the liaised person of the target investment company (companies))

LETTER OF REQUEST
(For merger contract approval)

Dear

(Name of the applicant, legal-organizational type and address thereof)

Pursuant to the Republic of Armenia Law on “Securities Market” and Regulation 4/14 on “Merger procedure for investment companies” approved by Central bank Resolution 192-N dated 19 July, 2011, please find attached the merger contract and accompanying documents approved by ----- decision for your approval.

Attachment ---- pages.

We, the undersigned, assure that we have duly reviewed the information containing in each document attached to this application. We assure that information provided herewith is true and complete, and acknowledge that falsification of any document or information will render a rejection of this letter of request.

We kindly ask for your consent.

Applicants _____

(First Name, Last Name, Signature of the liaised person of the acquiring investment company)

(First Name, Last Name, Signature of the liaised person of the target investment company (companies))