



LAW OF UKRAINE

ON COLLECTIVE INVESTMENT INSTITUTIONS

(Bulletin of the Verkhovna Rada of Ukraine (BVR), 2013, 29, art.337)

This Law is aimed at ensuring the attraction and efficient allocation of investors' financial resources and determines the legal and organizational principles for the creation, operation, termination of collective investment entities, specifics of the management of these entities' assets, and establishes requirements as to the composition, structure and storage of such assets, specifics of the placement, turnover, accounting and redemption of the securities of collective investment institutions, and the procedure of the disclosure of information relating to their activities.

Chapter I GENERAL PROVISIONS

Article 1. Definition of Terms

1. In this Law the terms are used in the following sense:

1) assets of a collective investment institution shall mean the totality of property, corporate rights, property rights and claims, as well as other assets, envisaged by the laws and normative-legal acts of the National Securities and Stock Market Commission (hereinafter - the Commission) formed at the expense of collective investment moneys;

2) share [equity] of a corporate investment fund shall mean a security issued by a corporate investment fund (hereinafter - the corporate fund), which certifies the property rights of its owner (participant of the corporate fund), including the right to receive dividends (for a closed-end corporate fund), a portion of the corporate fund's property in case of its liquidation, the right to manage the corporate fund, as well as non-property rights envisaged by this Law;

3) net asset value shall mean the amount which is determined as the difference between the amount of assets of a collective investment institution, taking into account their market value, and the amount of liabilities of the collective investment institution;

4) redemption of securities of a collective investment institution shall mean a payment by an issuer to an investor of the value of a portion of the net assets proportionally to the number of securities of the collective investment institution held by the investor, with a termination of the investor's ownership right to such securities;

5) collective investment activities shall mean the activity conducted in the interests of the participants (participant) of the collective investment institution and at the expense of the collective investment institution by way of investing collective investment moneys into assets of the collective investment institution;

6) the Unified State Register of Collective Investment Institutions (hereinafter - the Register) – shall mean a set of records on collective investment institutions, containing information, set forth by the normative-legal acts of the Commission;

7) investment declaration shall mean a document that sets forth the main guidelines and restrictions as regards investment activity of a collective investment institution and is an integral component of the regulation of a collective investment institution, a supplement to the agreement on the management of a corporate fund's assets;

8) investment certificate shall mean a security issued by an asset management company of a unit investment fund (hereinafter – unit fund), which certifies the right of a unit fund participant to a share in the unit fund, as well as the right to receive dividends (for a closed-end unit fund);

9) index basket shall mean an aggregate of securities in relevant proportion, based on which the stock exchange index is calculated in line with the stock exchange rules, registered by the Commission;

10) collective investment institution shall mean a corporate or unit fund;

11) conversion of securities of a collective investment institution shall mean a withdrawal from circulation of the securities of one collective investment institution and an exchange of such securities on their owner's initiative for the securities of another collective investment institution, provided that such collective investment institutions are managed by one asset management company;

12) exercise of control shall mean possession, directly or via affiliated physical persons and/ or legal entities, of at least 20 percent of the statutory capital of a legal entity or affect, directly or via affiliated physical persons and/ or legal entities, the economic activity of a legal entity as a result of:

providing the right, that ensures a decisive influence on formation of the composition, results of voting and decisions, made by the governing bodies of a legal entity;

occupying positions of the head, deputy head, member of the governing or executive body of a legal entity by persons, who already occupy one or several of the same positions in another legal entity;

providing the right to conclude agreements that make it possible to determine the conditions of economic activity, give binding instructions or perform the delegated powers and functions of the governing body of the legal entity.

For a physical person ownership of a part of the total amount of the statutory capital of the legal entity (votes in the governing body) is defined as the total amount of corporate rights (votes) owned by such person, his/her family members and legal entities, which are under control of such person or members of his/her family.

13) collective investment moneys shall mean moneys contributed by the founders of a corporate fund; moneys, and in cases envisaged by this Law, other assets attracted from the participants of the collective investment institution; income generated from the transactions with the assets of the

collective investment institution; interest accrued on the assets of the collective investment institution, as well as other income from the activities of the collective investment institution (interest on loans, rental (lease) payments, royalties, etc.). Moneys, that were contributed by the founders of a corporate fund, are considered as moneys of the collective investment after entering of such a fund into the Register;

14) related parties shall mean the legal entities and / or physical persons, relationships between which may affect the conditions or economic results of their activities or the activities of persons, whom they represent, and which correspond to any of the following characteristics:

legal entity controlling or being controlled by another legal entity, or being controlled together with such legal entity;

a physical person or members of that person's family controlling another legal entity. Family members shall be understood as that person's spouse, direct relatives (children or parents) of that person and that person's spouse, and also the spouse of any of that person's direct relatives;

official of another legal entity, authorized to perform legal actions on behalf of that legal entity, aimed at the establishment, change or termination of legal relationships, as well as members of that official's family;

15) initial statutory capital of a corporate fund shall mean the statutory capital paid in full by the founders before the corporate fund is entered into the Register;

16) Regulations shall mean a document that set forth the procedure, timeframe, conditions, and specific features of the activities of a collective investment institution;

17) certificate on entering into the Register shall mean a document issued by the Commission upon registration of the Regulations and confirming the fact of entering information on the collective investment institution into the Register;

18) securities of a collective investment institution shall mean equities of a corporate fund and investment certificates of a unit fund.

Article 2. The Scope of the Law

1. This law applies to social relationships arising in the sphere of collective investment in conjunction with creation and activity of entities of collective investment in order to provide guarantee for the ownership rights of collective investment institutions' securities and protect the rights of collective investment institutions' participants.

Article 3. Legislation in the Field of Collective Investment

1. Relations in the sphere of collective investment are governed by this Law and other normative-legal acts concerning stock market's functioning.

2. Legislation on joint-stock companies shall not apply to the regulation of corporate funds' activities.

Article 4. Participants of a Collective Investment Institution

1. A participant of a collective investment institution shall mean a person holding securities of the collective investment institution.

A custodian of the assets of a collective investment institution, a depository, an auditor (an audit firm), an appraiser of the property of the collective investment institution and their affiliated persons may not be participants of the collective investment institution with which they have concluded service agreements.

The State or a regional community, as well as the legal entities, the stake of the state or communal ownership in which exceeds 25 percent, may not be participants of a collective investment institution.

2. A physical person may be a participant of a venture fund on condition of acquiring of securities of such fund in the quantity, the nominal value of which comprises an amount of at least 1500 minimum monthly wages, the amount of which was established by the law as of January 1, 2014.

3A physical person may be a participant of a qualified collective investment institution on condition of acquiring of securities of such institution in the quantity, the nominal value of which comprises an amount of at least 100 minimum monthly wages, the amount of which was established by the law as of January 1, 2014.

4. A person that intends to receive the status of participant of a collective investment institution, the securities of which exist in non-documentary form, shall open a securities account with a securities custodian according to the procedure set forth by the legislation on depository system.

Participants of social relationships acquire the status of participant of a collective investment institution as of the moment of acquiring the ownership right of the securities of the collective investment institution in accordance with the legislation on depository system.

5. The owner of all securities of a collective investment institution may be one person .

6. The requirements of the Law of Ukraine “On Financial Services and State Regulation of the Financial Services Markets” regarding approval of an acquisition of a substantial participation in a financial institution shall not apply to the persons acquiring equities of corporate investment funds.

Article 5. Requirements for the Officials of a Collective Investment Institution and Asset Management Company of a Collective Investment Institution

1. The officials of the corporate fund are the Chairman and members of the corporate fund’s Supervisory Board.

2. The officials of the asset management company of the collective investment institution are the Chairman and members of the Supervisory Board, the Executive body, the Audit Commission, the auditor, the Corporate Secretary, the Chairman and members of other company’s bodies, if the formation of such bodies is stipulated by its Statute.

3. People’s deputies of Ukraine, members of the Cabinet of Ministers of Ukraine, heads of central and local executive authorities, heads of local authorities, military personnel, officials of the Prosecutor’s office, the Court, the Security Service of Ukraine, Police entities, civil servants may not be the officials of the corporate fund or asset management company.

4. A person, who has criminal record for crimes against property, or crimes in official or business spheres, which has not been removed or extinguished, or has committed more than three administrative violations on the stock market, may not be official of the corporate fund or the asset management company of the collective investment institution.

Article 6. Registration of a Collective Investment Institution

1. Registration of a collective investment institution is carried out by the Commission by entering data on the collective investment institution into the Register and assigning the registration code for that institution.

Keeping of the Register is carried out by the Commission.

The ground for entering data on a collective investment institution into the Register is the Regulations, which has been registered in order, prescribed by the Commission .

Information from the Register is posted on the Commission's official website in order and to the extent prescribed by the Commission.

2. Registration of the Regulations or corrections thereto is carried out within 30 working days upon receipt by the Commission of documents, the list and requirements to which are prescribed by the Commission.

3. The grounds for refusal of registration of the Regulations and entering data on a collective investment institution into the Register, as well as for refusal of registration of corrections to the Regulations are the following:

- 1) inconsistency of the submitted documents with the legal requirements;
- 2) lack of documentation, presentation of which is stipulated by the legislation;
- 3) presence of false information in the submitted documents;
- 4) presence of mutually exclusive information in the documents submitted for registration of Regulations or changes to it;
- 5) violation of order of creation of the collective investment institution.

4. Notice of refusal of registration of Regulations and entering data on collective investment institution into the Register, as well as of refusal to register the changes to Regulations, stating the reasons for refusal and containing the complete list of the comments signed by the authorized person of the Commission is sent to an applicant by mail within three working days after the expiry date for registration, established by this Law.

5. In case of refusal of registration all the submitted documents stay with the Commission.

If an applicant has fully taken into account the comments of the Commission and not made any other changes in the text of the documents, the Commission has no right to refuse in registration of Regulations and entering data on the collective investment institution into the Register, or refuse in registration of changes to the Regulations.

6. Collective investment activities are carried out after entering data on collective investment institution into the Register and obtaining a certificate of registration in the Register.

7. Cancellation of Registration Certificate and entering the relevant data into the Register is

carried out by the Commission in order established by the Commission.

8. Registration of Regulations and entering data on the collective investment institution into the Register, as well as registration of changes to Regulations are carried out for a fee, the amount of which is set by the Commission in coordination with the Cabinet of Ministers of Ukraine.

Article 7. The Classification of Collective Investment Institutions

1. A collective investment institution, depending on the procedure of carrying out activities, may be of open-ended, interval and closed-end type.

A collective investment institution shall belong to an open-ended type if the institution (the asset management company) undertakes an obligation to perform a redemption of the securities issued by such institution (the asset management company) at any time upon demand of its participants.

A collective investment institution shall belong to an interval type if the institution (the asset management company) undertakes an obligation to perform a redemption of the securities issued by such institution (the asset management company) during the time period (interval) set forth in the issue prospectus.

A collective investment institution shall belong to a closed-end type if the institution (the asset management company) does not undertake an obligation to perform a redemption of the securities issued by such institution (the asset management company) until its termination.

2. A collective investment institution may be either fixed-term or termless.

A fixed-term collective investment institution shall be established for a certain period of time set forth in its regulation, upon expiration of which the said collective investment institution is terminated provided no decision has been made on prolongation of the duration of such collective investment institution according to the provisions of sub-paragraphs four or five of this paragraph, as well as in line with the requirements of sub-paragraphs six and seven of this paragraph.

A closed-end collective investment institution may only be fixed-term.

Duration of a fixed-term corporate fund may be extended by decision of the general meeting of the fund's participants.

Duration of a fixed-term unit fund may be extended by decision of the asset management company's body that is authorized to amend its Regulations.

In case of extending duration of a fixed-term collective investment institution, a mandatory redemption of the securities of such institution shall be performed from its participants that during three months after the date of making the said decision filed a written application for a redemption of securities from them, and from a corporate fund participant – also on condition that such participant did not vote for making the respective decision. Such redemption shall be performed at estimated value as of the date of making the decision on extending duration of the fixed-term

collective investment institution, and the number of securities bought out from a participant may not exceed the number of securities held by the participant as of the date of making the said decision. The procedure of a mandatory redemption of the securities of a collective investment institution shall be set forth by the Commission.

The term for which duration of a fixed-term collective investment institution is extended may not exceed the duration of such collective investment institution envisaged by its Regulations as of the date of the registration of such Regulations. The number of decisions on extending duration of a fixed-term collective investment institution shall not be limited.

A termless collective investment institution shall be established for an indefinite time period.

3. Collective investment institutions may be of diversified, non-diversified, specialized or qualified kind.

4. A collective investment institution shall be regarded diversified if at the same time meets all of the following requirements:

1) an aggregate value of one issuer's securities within the assets of a collective investment institution does not exceed 10 per cent of the total volume of securities of a respective securities issue of such issuer;

2) an aggregate value of securities, which comprise the assets of a collective investment institution in amount exceeding 5 per cent of the total securities issue volume, as of the moment of their acquisition does not exceed 40 per cent of the net asset value;

3) at least 80 per cent of the total asset value of a collective investment institution comprise moneys, including those on bank deposit accounts, savings (deposit) certificates, bank metals, corporate and municipal bonds, government securities, as well as securities admitted to stock exchange trading.

5. A collective investment institution shall be regarded specialized if it invests moneys solely into the assets determined by present Law.

Investment funds belonging to the following classes are regarded as specialized collective investment institutions:

1) money market funds;

2) government securities funds;

3) bond funds;

4) equity funds;

5) index funds;

6) bank metals funds.

6. A collective investment institution shall be regarded as qualified if it invests moneys solely into one of the qualified assets classes and moneys, as well as it does not have any requirements to asset structure.

The following asset classes belong to qualified ones:

- 1) combined securities class;
- 2) real estate class;
- 3) rent asset class;
- 4) loan asset class;
- 5) commodity exchange asset class;
- 6) other asset classes that the Commission may introduce and attribute to qualified ones.

7. Collective investment institutions that do not comply with the requirements of this Law and normative-legal acts of the Commission to diversified, specialized or qualified collective investment institutions shall be deemed as non-diversified.

8. Only diversified collective investment institutions and specialized collective investment institutions may be open-ended collective investment institutions.

Only diversified collective investment institutions, specialized collective investment institutions and qualified collective investment institutions may be interval collective investment institutions.

9. Open-ended specialized investment funds belonging to the classes mentioned in subparagraphs 5 and 6 of paragraph 5 of this Article may be an exchange traded collective investment institutions. An exchange traded collective investment institution is a collective investment institution which securities issue prospectus envisages that:

- 1) securities of such institution are subject to mandatory circulation on a stock exchange determined by issue prospectus;
- 2) an acquisition of securities during their initial placement, a sale by the issuer of earlier bought out securities, or a presentation for redemption of the securities of such institution is performed by the participants or investors of such institution via an underwriter of such securities, or by an underwriter at its own expense, or at the expense of its clients;
- 3) an underwriter of the securities of such an institution is obliged to maintain quotations (bid and ask prices) of such securities at a stock exchange envisaged by the issue prospectus;

4) payment for the securities of such an institution during their sale or redemption by issuer can be performed, in a respective proportion, by the assets envisaged by an investment declaration of the said institution.

A securities issue prospectus of an exchange traded collective investment institution may set forth requirements as regards the minimal quantity or value of securities that can be purchased at their placement, or presented for redemption.

The procedure for interaction between an asset management company of an exchange traded collective investment institution and an underwriter of the securities of such an institution shall be set forth by the Commission.

10. A non-diversified collective investment institution of closed-end type, which performs solely private placement of securities of a collective investment institution with legal entities and natural persons, is a venture fund.

11. No change of the type and kind of a collective investment institution, class of specialized or qualified collective investment institutions, as well as belonging of a collective investment institution to stock exchange or venture ones shall be allowed.

12. Phrases “corporate investment fund”, “unit investment fund”, “diversified investment fund”, “specialized investment fund”, “qualified investment fund”, “non-diversified investment fund”, “exchange traded investment fund”, “venture investment fund”, and derivatives from them may be used solely in the names of collective investment institutions established in accordance with present Law.

Chapter II

CORPORATE FUND

Article 8. Legal Status of a Corporate Fund

1. A corporate fund is a legal entity which is created in the form of a joint stock company and carries out activities exclusively in the sphere of collective investment.

2. A corporate fund is not liable for obligations of participants of this corporate fund. In case of illegal activities of the participants of the corporate fund no sanctions restricting the rights of corporate fund or its bodies could be applied to the corporate fund or its bodies.

Members of the corporate fund are not liable for the obligations of the corporate fund and bear the risk of losses associated with the activities of the corporate fund only in the limits of owned by them shares of the corporate fund. Any sanctions that restrict the rights of corporate fund’s members could be applied to the members of the corporate fund in case of illegal actions of the corporate fund or other members of the corporate fund.

A corporate fund is not liable for the state’s or local community’s obligations and the state or local community is not liable for the corporate fund’s obligations.

3. The Corporate fund shall be formed only by establishment. Merger, division, separation,

joining or transformation of the corporate fund is prohibited. Allotment of other legal entity from the corporate fund is prohibited. Joining the corporate fund by other legal entity is prohibited.

4. The corporate fund is considered established and acquires the status of a legal entity from the date of its state registration and acquires the status of the collective investment institution from the date of entering data on it into the Register.

During the period between registration in the Unified State Register of Legal Entities and Individuals - Entrepreneurs and entering data into the Register, the cCorporate fund has no right to undertake any actions other than those aimed at its creation and entering data on it into the Register.

A corporate investment fund shall not be formed by legal entities with more than 25% interest held by the state or local self-government authorities.

2. The founders of the corporate fund may conclude a foundation agreement, which sets out the procedure for implementation of joint activities to establish the corporate fund, the number of shares of the corporate fund to be acquired by each founder, the nominal value and acquisition cost of such shares, the terms and form of payment for the shares of the Corporate fund and the duration of the agreement.

A foundation agreement is not a constituent document of the corporate fund and is valid until the date of registration of the corporate fund as a legal entity.

The foundation agreement shall be done in writing. If a corporate fund is created with the participation of individuals, their signatures on the foundation agreement are subject to notarization. In case of establishment of the corporate fund by one person the foundation agreement is not concluded.

3. In case of establishment of a corporate fund, its shares are subject to a private placement.

Before the state registration of the corporate fund and its Statute by the state registration bodies, the founders of the corporate fund should pay 100 percent of the amount of the initial statutory capital.

Founders' payment for shares of the corporate fund should be made exclusively by means of money.

4. Creation of the corporate fund is carried out in following stages:

1) adoption of the decision to establish the Corporate fund by the founders' meeting, approval of a draft Statute and of private placement of the corporate fund's shares;

2) submission to the Commission of the application form and all other documents necessary for approval of the corporate fund's draft Statute and registration of its shares in order to form the initial statutory capital of the Corporate fund ;

3) registration of issue of the corporate fund's shares by the Commission, approval of its draft Statute and issuance of a temporary certificate of registration of issue of shares;

4) assigning of international identification number of securities to shares of the corporate fund;

5) conclusion of a servicing contract with a depository of securities on the issue of the corporate fund shares and formalization of a global certificate;

6) private placement of shares among founders of the corporate fund;

7) payment of the full face value of the corporate fund's shares in order to form an initial statutory capital;

8) approval of the results of private placement of shares among the founders of the corporate fund by the constituent assembly of the corporate fund, approval of the Statute, election of the members of the Supervisory Board of the corporate fund, approval of draft agreements with the asset management company and the custodian of the corporate fund's assets ;

9) state registration of the corporate fund and its Statute in the bodies of state registration;

10) concluding contracts with the asset management company and the custodian of the corporate fund's assets;

11) submission to the Commission of all the documents necessary for registration of the report on the results of the private placement of shares among the corporate fund's founders, registration of Regulations and entering information about the corporate fund into the Register;

12) receiving a certificate of registration of issue of the corporate fund's shares, registered Regulations, a certificate of entry in the Register and the registered report on the results of the private placement of shares among the founders of the corporate fund.

5. Violation of the stages of establishment of the corporate fund is a ground for the Commission's refusal to grant a certificate of registration of issue of the corporate fund's shares, registrate the Regulations and report on the results of the private placement of shares among the founders of the corporate fund.

In case of receiving of the Commission's refusal to grant a certificate of registration of issue of the corporate fund's shares, registrate of the Regulations and report on results of the private placement of shares among the founders of the corporate fund, all involved by the corporate fund moneys must be returned to the participants of the corporate fund within 30 working days from the date of receiving of such refusal.

6. Registration of the report on results of the private placement of shares among the founders of the corporate fund in order to form the initial statutory capital of the corporate fund is carried out within 30 working days from the date of receiving by the Commission the relevant documents, the list of which is set by the Commission.

Article 10. Constituent Assembly of the Corporate Fund

1. Constituent Assembly of the Corporate fund should be held within three months from the date of full payment of shares' cost by the founders of the corporate fund.

Number of founders' votes at the Constituent Assembly of the corporate fund is determined by the number of shares acquired by each of the founders.

2. At the Constituent Assembly of the corporate fund the following issues are addressed:

1) approval of the corporate fund 's Statute;

2) creation of a Supervisory Board of the corporate fund and election of its members;

3) empowerment of a representative (representatives) to perform activities related to the creation of the corporate fund;

4) approval of the results of the private placement of shares among the founders of the

corporate fund;

5) approval of draft agreements with the asset management company and the custodian of assets of the corporate fund;

6) committing other actions needed to create the corporate fund.

3. The decisions on the matters referred to in paragraphs 1 and 2 of this Article are considered adopted if all founders of the corporate fund have voted for them.

Decisions on other matters are adopted by a simple majority of votes of the corporate fund's founders.

4. In case of acquisition of all the shares of the corporate fund by one person, decisions referred to in the second part of this Article shall be taken by this person individually and formalized as a decision to establish the corporate fund. If the owner of all shares of the corporate fund is a natural person, his/her signature on the decision on the establishment of the corporate fund is subject to notarization.

5. Disapproval of the Statute and results of placement of the corporate fund's shares by the Constituent Assembly is considered to be a waiver of the corporate fund and a reason to return money, contributed as payment for the corporate fund's shares, to the founders. Refund should be done within 30 working days from the date of holding the Constituent Assembly, which has not made a decision to approve the Statute and results of the placement of the corporate fund's shares.

Article 11. Statute of a Corporate Fund

1. The Statute is the founding document of the corporate fund.

2. The Statute of the corporate fund shall contain information on:

- 1) full name of the corporate fund in Ukrainian;
- 2) type of the corporate fund (open -ended, interval, closed-end);
- 3) form of the corporate fund (diversified, non-diversified, specialized, qualified);
- 4) grade of the investment fund if a corporate fund is a specialized or qualified one;
- 5) belonging of the corporate fund to venture or exchange traded fund;
- 6) collective investment as the exclusive activity of the corporate fund;
- 7) operating restraints imposed by this Law;
- 8) duration of the activity of the corporate fund if that corporate fund is a fixed-term one;
- 9) amount of the statutory capital;
- 10) the nominal value and the total number of shares of the corporate fund;
- 11) a procedure for payment of dividends to participants of the corporate fund (for the closed-end corporate fund), unless the Statute provides that payment of dividends is not exercised.
- 12) a procedure for convening and holding of the General Meeting;
- 13) a competence of the General Meeting and procedure of its decision-making process;

14) a way of notification of the corporate fund's participants about changes to the agenda of the General Meeting;

15) number of members and competence of the Supervisory Board, and the procedure for its decision-making process;

16) a procedure for amending of the Statute;

17) a procedure for termination of the corporate fund.

3. The Statute of the corporate fund may not provide the provision of additional rights or powers for its founders in relation to other participants of the corporate fund.

4. The Statute of the corporate fund may contain other positions which are not contrary to legislation.

5. Changes to the Statute of the corporate fund shall be made in accordance with the legislation with mandatory notification of the Commission within five working days from the date of state registration of such changes in the manner specified by the Commission.

6. The name of the Corporate fund, posted in its Statute, should contain the words "Corporate Investment Fund", and word indicating the fund's type, form and class (if the fund is a specialized or qualified one) and its belonging to the exchange traded or venture capital fund.

Article 12. Regulations of a Corporate Fund

1. A corporate fund is obliged to register the Regulations within six months from the date of state registration of the corporate fund as a legal entity.

2. The Regulations shall contain information on:

1) full name of the corporate fund;

2) the identification code of the corporate fund in accordance with the Uniform State Register of Legal Entities and Individuals - Entrepreneurs;

3) location of the corporate fund;

4) date and number of certificate of state registration of the corporate fund and the name of the authority which made such registration;

5) duration of activity of the corporate fund (for a fixed-term corporate fund);

6) conditions whereby the asset management company or depository can be replaced and replacement procedures, specifying arrangements for the protection of the corporate fund participants' rights;

7) a procedure of valuation of the net assets value and costs of distribution (repurchase) of the corporate fund securities;

8) a procedure of determining the amount of asset management company's remuneration and compensation for expenses related to the activity of the corporate fund which are payable at the expense of its assets;

9) a procedure for payment of dividends (for a closed-end corporate fund, if the possibility of their payment is envisaged by the Statute of that corporate fund);

10) a procedure and terms of the corporate fund's repurchase of its shares;

11) an investment declaration;

12) minimum cost of assets, that are subject of agreements, concluded by an asset management company, which have to be approved by the Supervisory Board.

The Regulations may contain other information.

3. The Regulations and amendments thereto shall be approved by the Supervisory Board of the corporate fund and shall be registered with the Commission.

4. In case of amending the Regulations, the Supervisory Board of the corporate fund within ten working days from the date of registration of changes to the Regulations with the Commission, provides a copy of changes to the Regulations to the custodian of the corporate fund's assets.

Article 13. Statutory Capital of a Corporate Fund

1. The minimum amount of statutory capital of the corporate fund is 1250 times the minimum monthly salary, amount of which is prescribed by law on the date of the fund's registration as a legal entity.

2. The order of increasing (decreasing) of the statutory capital of the corporate fund is prescribed by the Commission.

Article 14. Procedure for Implementation of the Corporate fund's Activities

1. Management of the corporate fund's assets is carried out by an asset management company on the basis of the relevant agreement.

Preserving of the corporate fund's assets is carried out by the custodian of the corporate fund on the basis of the relevant agreement.

2. The agreement between the corporate fund and an asset management company on management of the corporate fund's assets and between the corporate fund and a custodian of the corporate fund's assets shall be made for a term, defined by the parties of the agreement. Validity of such agreements may be prolonged based on decision of the General Meeting of the corporate fund's participants.

3. A corporate investment fund shall have no right to:

- issue securities except shares;
- pledge assets for the benefit of third parties;

3) place shares at prices lower than the cost of the net assets per share, which is in circulation, except for the placement of the corporate fund's shares among the founders in order to create an initial statutory capital of the corporate fund;

4) refuse to repurchase its own shares on grounds other than those stipulated by this Law or by the Commission's normative-legal acts;

5) create any special or reserve funds

6) provide a loan (except venture capital fund).

Article 15. Bodies of a Corporate Fund

1. The bodies of the corporate fund are the General Meeting and the Supervisory Board.

Formation of other bodies of the corporate fund not envisaged by this Law, is prohibited.

Article 16. The General Meeting

1. The General Meeting is the supreme body of the corporate fund.

2. A corporate fund must annually convene the General Meeting (an Annual General Meeting).

The Annual General Meeting shall be held not later than 30th of April of the year, which follows the reporting period.

The agenda of the Annual General Meeting must include matters established by paragraphs 8 and 9 of the second part of Article 17 of this Law.

At least once every three years, the agenda of the General Meeting must include issues established by paragraph 11 of the second part of article 17 of this Law.

All General Meetings besides the Annual General Meeting, are considered Extraordinary General Meetings.

3. The General Meeting is held at the expense of the corporate fund. If the General Meeting is held by the initiative of the corporate fund's participants, documented expenses for its organization, preparation and conduction are reimbursed at the expense of the corporate fund, if the General Meeting which was held in that order, shall decide on reimbursement of such costs at the expense of the corporate fund.

Article 17. Competence of the General Meeting

1. The General Meeting may resolve any issues concerning the corporate fund's activity.

2. The exclusive competence of the General Meeting includes:

1) amending to the Statute of the corporate fund;

2) decision making on placement of the corporate fund's shares;

3) decision making on increasing of the corporate fund's statutory capital;

4) decision making on reducing of the corporate fund's statutory capital;

5) approval of the prospectus of issue of the corporate fund's shares;

6) approval of the regulations concerning the General Meeting and the Supervisory Board, as well as changes to them;

7) approval of other internal documents of the corporate fund, unless other is not provided by the Statute or the Regulations;

- 8) approval of the annual report of the corporate fund;
- 9) decision making on payment of dividends, and approval of their amount for the closed-end corporate fund if the possibility of their payment is envisaged by the Statute of the corporate fund;
- 10) decision making on the process of the General Meeting's holding;
- 11) election of members of the Supervisory Board;
- 12) decision making on termination of powers of the Supervisory Board members;
- 13) decision making on the results of consideration of the reports of the Supervisory Board, the asset management company and the custodian of the corporate fund;
- 14) decision making on liquidation of the corporate fund, the election of the Liquidation Committee, approval of the balance sheet and the certificate of the net asset value of the corporate fund on the date of such decision;
- 15) decision making on prolongation of the corporate fund's activity;
- 16) decision making on choosing (replacement) of an asset management company and conclusion of the agreement with it;
- 17) decision making on choosing (replacement) of a custodian of assets of the collective investment institution and conclusion of the agreement with it;
- 18) decision making on choosing (replacement) of the auditor (auditing firm) and conclusion of the agreement with it;
- 19) decision making on choosing (replacement) of the appraiser of the corporate fund's property and conclusion of the agreement with it;
- 20) decision making on choosing (replacement) of securities' depository, and conclusion of the agreement with it;
- 21) other matters related to the exclusive competence of the General Meeting in accordance with the Statute.

3. The powers to address matters pertaining to the exclusive competence of the General Meeting may not be delegated to the Supervisory Board of the corporate fund.

Article 18. The Right to Take Part in the General Meeting

1. Persons included in the list of participants of the corporate fund, or their representatives, have the right to take part in the General Meeting. Representatives of the asset management company, custodian of the corporate fund's assets, appraiser of the corporate fund's property, the auditor (auditing firm) of the corporate fund and officials of the corporate fund, regardless to their ownership of that fund's shares, may also take part in the General Meeting at the invitation of a person, who convenes the General Meeting.

The list of participants of the corporate fund which are eligible to participate in the General Meeting shall be prepared by the securities' depository as of the end of operational day three working days prior to the day of holding of the General Meeting in accordance with legislation on depository system.

At the demand of the corporate fund's participant, the corporate fund or the person who keeps

records of ownership of that fund's shares, is required to provide information about that participant's inclusion in the list of participants of the corporate fund which are eligible to participate in the General Meeting.

2. Restrictions to the right of the corporate fund's participant to take part in the General Meeting are not allowed.

1. A written notice on holding the corporate fund's General Meeting and its agenda is sent to each participant of the corporate fund, specified in the list of participants of the corporate fund, prepared to send messages on holding of the General Meeting. This list is compiled in accordance with legislation on depository system, on the day, which is determined by the Supervisory Board, and in the event of the Extraordinary General Meeting at the request of the corporate fund's participants in cases, envisaged in the Article 30 of this Law - on the date, which is determined by the participants of the corporate fund, which demand that. The determined date may not precede the day of the decision on holding of the General Meeting and may not be set earlier than 60 calendar days prior to the date of holding the General Meeting.

A written notice on holding of the General Meeting and its agenda is sent personally to the participants of the corporate fund by the person, who convenes the General Meeting in the manner prescribed by the Statute of the corporate fund, no later than 30 calendar days prior to the date of holding of the General Meeting.

Article 19. Notice of the General Meeting

A notice shall be sent by the person, who convenes the General Meeting, or, in event of convening the General Meeting by the corporate fund's participants, by the person, who keeps records of ownership of the corporate fund's shares. A corporate fund with the number of participants more than 1000 persons, regardless of way of placement of the corporate fund's shares, no later than 30 calendar days prior to the day of holding of the General Meeting, publishes also a notice on holding of the General Meeting in the Commission's official publications.

Redemption and placement of shares of the open-ended or interval corporate fund shall be terminated from the date of publication of notice on holding of the General Meeting of the corporate fund's participants with the resumption of placement and redemption on the next day after completion of this General Meeting.

The corporate fund, shares of which are traded on the stock exchange, sends a notice on holding the General Meeting and its agenda to this stock exchange.

The notice on holding the corporate fund's General Meeting must contain the following information:

- 1) a full name and place of location of the corporate fund;
- 2) the date, time and place (with the number of the apartment, office or hall, whereto the corporate fund's participants shall arrive) of holding of the General Meeting;
- 3) start time and finish time of registration of the corporate fund's participants for taking part in the General Meeting;
- 4) the date of compiling the list of the corporate fund's participants, which are eligible to take part in the General Meeting;

5) a list of issues submitted to a vote;

6) a procedure for the corporate fund participants' familiarization with the materials during preparations for the General Meeting;

7) a place to study the materials (number of the room, office, etc.) and official of the corporate fund, who is responsible for the corporate fund participants' familiarization with the materials;

The General Meeting of the corporate fund's participants takes place on the territory of Ukraine within the boundaries of the settlement, where the corporate fund is located.

3. After sending of the notice on holding of the General Meeting to the corporate fund's participants, the corporate fund is not allowed to make changes to documents that were provided to the corporate fund's participants, or with which they were able to be familiarized, except for the changes made to these documents in connection with the changes on the agenda or corrections of technical errors. In this case changes are made not later than ten calendar days prior to the day of holding of the General Meeting.

Article 20. An Agenda of the General Meeting

1. An agenda of the General Meeting shall be approved by the Supervisory Board of the corporate fund, and in the event of the Extraordinary General Meeting at the request of participants of the corporate fund in the cases provided for in Article 30 of this Law – by the Corporate fund's participants, who demand it.

2. A participant of the corporate fund before the General Meeting at the request has an opportunity to familiarize with draft (s) decision of issues put on the agenda, in the manner prescribed by the notice of holding of the General Meeting.

Article 21. Proposals to the Agenda of the General Meeting

1. Each participant of the corporate fund has the right to submit proposals concerning the issues included on the General Meeting's agenda, and also concerning new candidates to the Supervisory Board of the corporate fund, the number of which may not exceed the number of members of the Supervisory Board. Proposals shall be made not later than 20 calendar days prior to the day of holding of the General Meeting.

2. Proposal to the agenda of the General Meeting shall be made in writing with an indication of the surname, name and patronymic of the corporate fund's participant, who makes it, the number of shares owned by that participant, the content of the proposal and / or the draft decision, and the number of the corporate fund's shares owned by the candidate, who has been offered as a member of the corporate fund's Supervisory Board by such participant.

3. The Supervisory Board of the corporate fund, and in event of the Extraordinary General Meeting of the corporate fund at the request of participants of the corporate fund, in cases provided for in Article 30 of this Law, - the participants of the corporate fund, who demand it, shall decide on inclusion of the proposals on the agenda no later than 15 calendar days prior the day of holding of the General Meeting.

4. Proposals of the corporate fund's participants (participant), who collectively own at least 5 percent of the corporate fund's shares, should be mandatory put on the agenda of the General Meeting. In such case, the decision of the Supervisory Board on inclusion of the issue on the agenda shall not be done, and the proposal is considered as one, that has been put on the agenda, if it was

filed in accordance with the requirements of this Article.

Changes to the agenda of the General Meeting shall be made only by including new matters and draft decisions on proposed issues. The corporate fund is not entitled to make changes to issues or draft decisions, proposed by the corporate fund's participants. In case If the corporate fund's participants propose such draft decision that differs from that specified in the agenda, this draft decision must also be included on the agenda.

5. The decision to refuse in including on the agenda of the General Meeting of the proposal of the corporate fund's participant, who owns at least 5 percent of the corporate fund's shares, may be taken in case of:

1) violation of the terms established by the first part of this Article by this participant of the corporate fund;

2) incomplete data, envisaged by the second part of this article.

6. The reasoned decision on rejection of the inclusion of the issue on the agenda of the General Meeting of the corporate fund has to be sent to the participants of the corporate fund by the Supervisory Board within three working days from the date of its adoption.

7. The corporate fund no later than ten calendar days prior to the day of holding of the General Meeting must inform participants of the Corporate fund about the changes to the agenda in a manner, prescribed by the Statute of the corporate fund.

A corporate fund, the shares of which are listed on the stock exchange, shall send a notice on changes to the General Meeting's agenda to this stock exchange.

An appeal of the corporate fund's participant to the Court against the decision of the corporate fund's Supervisory Board on rejection of the inclusion of this participant's proposal on the agenda does not stop holding of the General Meeting. After considering the case, the Court may decide on the corporate fund's obligations to hold the General Meeting concerning the issue, for which a motiveless rejection of inclusion of that issue on the agenda was received by the participant of the corporate fund.

Article 22. Representation of the Corporate Fund's Participants

1. Representative of the corporate fund's participant - a physical person or legal entity, at the General Meeting may be another physical person or legal entity.

The corporate fund's participant has the right to appoint its representative on a permanent basis or for a specified period.

The corporate fund's participant in accordance with the requirements of the sixth paragraph of the third part of Article 23 of this Law has the right to withdraw or replace its representative at the General Meeting.

Granting power of attorney of the right to participate and vote at the General Meeting for the representative, does not exclude the right of the corporate fund's participant, who has given a power of attorney, to participate at such meeting instead of its representative.

Power of attorney of the corporate fund's participant - a physical person - to take part and vote at General Meeting may be certified by the bailee, custodian, notary, and other officials, who commit notarial acts, or in the other order, prescribed by the legislation.

The power of attorney for the right to take part and vote at the General Meeting may include tasks for vote (list of the issues on the agenda of the General Meeting with an indication of how and in favour of (against) which solutions should be vote). While voting at the General Meeting a representative should vote exactly that way, as prescribed by the assignment on voting. If the power of attorney does not contain tasks for the vote, the representative solves at own discretion all issues regarding voting at the General Meeting, taking into account the interests of the person, whom he/she represents.

Article 23. Procedure of Holding of the General Meeting

1. The procedure for convening and holding of the General Meeting is prescribed by the corporate fund's Statute.

The Chairman of the General Meeting is the Chairman of the Supervisory Board or other person authorized by the General Meeting.

The General Meeting may not start earlier than this is indicated in the notice on the holding of the General Meeting. The General Meeting may not begin earlier than 8 a.m. and finish after 10 p.m.

The place for holding of the General Meeting of the corporate fund's participants must be equipped properly and provide the possibility of free access and expression of will of the corporate fund's participants (or their representatives).

3. Registration of the corporate fund's participants (or their representatives) is carried out on the basis of the list of the corporate fund's participants, which are eligible to participate in the General Meeting, that was drawn up in accordance with the legislation on depository system, with an indication of the number of votes of each participant of the corporate fund. Registration of participants of the corporate fund (or their representatives) is carried out by the Registration Commission, which is appointed by the Supervisory Board, and in the event of the Extraordinary General Meeting at the request of participants of the corporate fund in the cases envisaged in Article 30 of this Law – by the corporate fund's participants, who demand it.

The Registration Commission may refuse to register a corporate fund's participant (its representative) only in the event of absence of the documents of the corporate fund participant (his representative), which give him/her the right to participate in the General Meeting in accordance with legislation.

The list of the corporate fund's participants who have been registered for participation at the General Meeting, is signed by the Chairman of the Registration Commission, who is elected by a simple majority of votes of its members before the start of registration. A participant of the corporate fund who has not been registered, has no right to participate in the General Meeting.

Powers of the Registration Commission may be transmitted via contract to a depository or an asset management company. In this case, the Chairman of the Registration Commission is a representative of the depository or the asset management company.

The reasoned decision of the Registration Commission to refuse of registration of the corporate fund's participant or its representative in order to participate in the General Meeting, signed by the

Chairman of the Registration Commission, is made in two copies, one of which is given to a person who has been denied of registration, and the second one is kept with the corporate fund during the period of its activity.

Before the expiry of the period provided for the registration of participants of the General Meeting, a participant of the corporate fund has the right to replace its representative, notifying on that the Supervisory Board of the corporate fund, or take part in the General Meeting personally.

In case if several representatives of the corporate fund's participant have appeared to take part at the General Meeting, the right for the registration has the representative, whose power of attorney was issued later. If the powers of attorney were issued simultaneously, the right to participate in the General Meeting has the representative who has come for the registration earlier.

If a share of the corporate fund is in a common ownership of several persons, the vote at the General Meeting is carried out, with their consent, by one of them or by their common representative.

4. Participants of the corporate fund, who collectively own at least 10 percent of shares of the corporate fund as of the date of compiling the list of participants of such fund, which are eligible to participate in the General Meeting, as well as the Commission may designate their representatives to monitor the processes of registration of participants of the corporate fund, conduction of the General Meeting, voting and summarizing its results. The corporate fund shall be informed via a written notice on the appointment of such representatives prior to the registration of participants of the corporate fund.

Officials of the corporate fund should ensure free access of participants of the corporate fund (representatives of participants) and / or representatives of the Commission to supervise the registration of the corporate fund's participants, holding of the General Meeting, voting and summarizing of its results.

5. Process of holding of the General Meeting or consideration of certain issue may be fixed by technical means at the decision of the General Meeting or initiators of the General Meeting. The relevant records are kept by the corporate fund during the period of its activity.

Information on the usage of technical means for fixing the progress of holding of the General Meeting shall be communicated to all participants of the General Meeting at the opening of the General Meeting by the Chairman of the corporate fund's Supervisory Board or by a person, who performs these duties.

Article 24. Quorum of the General Meeting

1. Presence of a quorum of the General Meeting is determined by the Registration Commission at the end of registration of the corporate fund's participants for participation at the General Meeting.

2. The General Meeting is lawful upon condition of registration for participation in the General Meeting of the corporate fund's participants (their representatives), who collectively own more than 50 percent of the corporate fund's shares, which are in circulation.

Article 25. Procedure for Decision Making by the General Meeting

1. One share of the corporate fund gives one vote to the corporate fund's participant to address each of the issues put to a vote at the General Meeting, except for the holding of cumulative voting.

Participant of the corporate fund may not be denied of the right to vote.

2. The decision of the General Meeting on a matter put for voting shall be adopted by a simple majority of votes of the corporate fund's participants, registered to take part in the General Meeting, unless otherwise provided by this Law.

The Statute of the corporate fund may set the larger number of votes of the corporate fund's participants, which are necessary for making decisions on matters put on the agenda, except for the issues specified in paragraph 12 of the second part of Article 17 of this Law.

3. Election of the members of the Supervisory Board is carried out by the way of cumulative voting, ie voting, when the total number of votes of the corporate fund's participant is multiplied by the number of members of the Supervisory Board, who are to be elected, and the participant of the corporate fund has the right to give all the votes, counted by this way for one candidate or distribute them among several candidates.

Cumulative voting is carried out for all candidates simultaneously.

The candidates, who received the largest number of votes, are considered as elected.

The members of the Supervisory Board are considered to be elected, and the Supervisory Board is considered to be formed exclusively on condition if the whole quantitative composition of the Supervisory Board was elected by cumulative voting.

Cumulative voting concerning the issue of election of members of the Supervisory Board is carried out only with the use of ballots for voting.

4. The decisions of the General Meeting on matters specified in paragraphs 1-4 of the second part of Article 17 of this Law shall be adopted by more than three-fourths of votes of the corporate fund's participants, registered to take part in the General Meeting.

The decision of the General Meeting on the liquidation of the fixed-term corporate fund before the deadline set by the Regulations, shall be accepted by all participants of the corporate fund.

5. The General Meeting may not adopt resolutions on issues, which were not included on the agenda.

6. The General Meeting shall be held during the day, which was specified in the notice on its holding.

7. Voting at the General Meeting shall be held on all the items on the agenda, which were put to vote.

Article 26. Way of Voting

1. Voting at the General Meeting on the issues on the agenda may be carried out with the use of ballots for voting.

In the corporate fund with the number of participants more than 100 persons voting on the issues on the General Meeting's agenda should be carried out only by using of ballots.

If the General Meeting's agenda contains a number of issues, a separate ballot is filled for each of them.

2. The voting ballot (except for the cumulative voting) shall contain:

- 1) a full name of the corporate fund;
- 2) a date and time of holding of the General Meeting;
- 3) item put to the vote, and draft decisions on the matter;
- 4) voting options for each draft decision (inscriptions "for", "against", "abstain");
- 5) a warning that the ballot must be signed by the participant of the corporate fund (representative of the participant) with an indication of his/her surname, first name and patronymic, and in case of absence of such signature the ballot is considered as invalid;
- 6) the number of votes belonging to the participant of the corporate fund.

3. A ballot for cumulative voting should contain:

- 1) a full name of the corporate fund;
- 2) the date and time of holding of the General Meeting;
- 3) list of candidates for the Supervisory Board's members with indication of information on them in accordance with the requirements prescribed by the Commission;
- 4) place for indication of the number of votes by the corporate fund's participant (representative of the participant), which he/she gives for each candidate;
- 5) a warning that the ballot must be signed by the participant of the corporate fund (representative of the participant) with an indication of his family name, first name and patronymic, and in case of absence of such signature the ballot is considered as invalid;
- 6) the number of votes belonging to the participant of the corporate fund.

In case of voting on the issues concerning election of members of the Supervisory Board, the ballot shall contain the surname, name and patronymic of the candidate (s).

4. The form and text of the voting ballot shall be approved by the Supervisory Board not later than ten working days prior to the day of holding of the General Meeting, and in the event of the Extraordinary General Meeting at the request of participants of the corporate fund, in cases provided for in Article 30 of this Law – by the corporate fund's participants, who require it. The corporate fund's participants have the right to be acquainted with the form of the voting ballot before the General Meeting in the manner provided in the notice on the holding of the General Meeting.

5. The voting ballot is deemed invalid if its form is different from the sample, which was officially made by the corporate fund, or there is no signature of the corporate fund's participant

(representative of the participant).

While counting the votes, the votes of the corporate fund's participant are considered only of those issues, where one of the voting options in the voting ballot was selected by the participant of such fund.

Voting ballots that were deemed invalid on the grounds provided by this Article, are not taken into account while counting the votes.

A ballot for cumulative voting is deemed invalid if the participant of the corporate fund (representative of the participant) has indicated in the ballot more votes than he had in his possession for such vote.

Article 27. The Counting Commission

1. Explanations on the issues concerning the procedure of voting, counting and other issues, related to ensuring of the exercising of voting at the General Meeting, are provided by the Counting Commission, which is elected by the General Meeting. Counting of votes on the issue of election of the Counting Commission at the General Meeting, is carried out by the Registration Commission.

The powers of the Counting Commission may be transmitted via contract to the depositary, asset management company, custodian of securities or custodian of the corporate fund's assets. Terms of the contract are approved by the Supervisory Board.

2. In the Corporate fund with a number of participants more than 100 persons, the quantitative composition of the Counting Commission may not be less than three persons. Persons, who are the members of the Supervisory Board or candidates to it may not be included in the composition of the Counting Commission.

Article 28. Protocol on Voting Results

1. Upon receiving of voting results, the protocol shall be drawn up, which is signed by all the members of the corporate fund's Counting Commission, who took part in counting of votes.

In the event of transferring of powers of the Counting Commission to a depositary or an asset management company, protocol on voting results is signed by an authorized person of the depositary or the asset management company.

2. A protocol on the voting results (except for the cumulative voting) shall include:

1) the date of holding the vote;

2) question, which was submitted to a vote, the decision on which was taken by the General Meeting;

3) decisions and the number of votes "for", "against", "abstain" "not voted" for each draft decision on each item put to the vote on the agenda.

3. The protocol on the results of the cumulative voting indicates:

1) the date of holding the vote;

2) the number of votes received by each candidate for membership of the Supervisory Board;

3) the number of votes of those participants who have not participated in the vote.

4. A decision of the General Meeting shall be deemed adopted after filling the protocol on the voting results.

The voting results should be announced at the General Meeting, during which the voting took place. The results of voting are communicated to the participants of the corporate fund within ten working days after the closure of the General Meeting, in the manner specified by the Statute of the corporate fund.

Voting results which were announced at the General Meeting, may not differ from the voting results specified in the protocol on the voting results.

5. After filling the protocol on voting results, voting ballots shall be sealed by the Counting Commission or by the person to whom the powers of the Counting Commission were transferred, and stored with the corporate fund during the period of its activity.

Article 29. Minutes of the General Meeting

1. Minutes of the General Meeting shall be made within ten working days from the closure of the General Meeting and signed by the Chairman and the Secretary of the General Meeting.

2. In the minutes of the General Meeting shall be entered information about:

- 1) the date, time and place of holding of the General Meeting;
- 2) the date of compiling the list of the corporate fund's participants, which are eligible to take part in the General Meeting;
- 3) the total number of persons included in the list of the corporate fund's participants, which are eligible to take part in the General Meeting;
- 4) the voting procedure (open, with ballots);
- 5) the quorum of the General Meeting;
- 6) the Chairman and the Secretary of the General Meeting;
- 7) the composition of the Counting Commission;
- 8) the agenda of the General Meeting;
- 9) the main theses of the speeches;
- 10) the results of voting indicating the voting results for each item on the agenda of the General Meeting and the decisions taken by the General Meeting.

Minutes of the General Meeting, signed by the Chairman and the Secretary of the General Meeting, is stitched, sealed and signed by the Chairman of the Supervisory Board of the corporate fund.

Article 30. The Extraordinary General Meeting

1. The Extraordinary General Meeting is convened by the Supervisory Board:

- 1) at its own initiative;
- 2) at the request of the asset management company, with which an agreement on management of the corporate fund's assets is concluded;

3) at the request of the custodian of assets, with which an agreement on servicing of the corporate fund's assets is concluded.

4) at the request of the corporate fund's participant (s), who on the day of the request submission collectively own at least 10 percent of the corporate fund's shares;

5) in other cases prescribed by the Statute or the Regulations.

The request to convene an Extraordinary General Meeting shall be submitted in writing at the location of the corporate fund with an indication of the surname, first name and patronymic of the participants of the corporate fund, who demand the convening of the Extraordinary General Meeting, the grounds for the convocation and the agenda, except for the event of convening the Extraordinary General Meeting at the Supervisory Board's initiative. In the event convening of the Extraordinary General Meeting at the initiative of the participants of the corporate fund, request must also contain information on the number of shares belonging to the participants of the corporate fund and be signed by all the participants of the corporate fund, who demand it.

2. The Supervisory Board decides to convene an Extraordinary General Meeting or to refuse such convocation within ten working days of receiving the request of its convocation.

The Extraordinary General Meeting shall be held within 15 working days from the date of the Supervisory Board's decision on holding the Extraordinary General Meeting.

3. The decision to refuse to convene the Extraordinary General Meeting may only be taken in the event of:

1) participants of the corporate fund on the date of submitting the request collectively not own of at least 10 percent of the corporate fund's shares;

2) incomplete data, prescribed by the seventh paragraph of the first part of this Article, that should be contained in the request of the corporate fund's participants to convene the Extraordinary General Meeting.

4. The decision of the Supervisory Board to convene the Extraordinary General Meeting or a reasoned decision to refuse of the convocation is given to the relevant person or to the participants of the corporate fund, who demand its convocation, within three working days from the date of its adoption.

The Supervisory Board has no right to make changes to the agenda of the General Meeting, which is contained in the request to convene the Extraordinary General Meeting, except for inclusion of new issues or draft decisions on the agenda.

5. In the cases prescribed by the Statute of the corporate fund, the Supervisory Board shall take a decision to convene the Extraordinary General Meeting with sending of the written notice on holding of the Extraordinary General Meeting and its agenda, to the participants of the corporate fund, in accordance with this Law, no later than ten working days prior to the date of its holding along with deprivation of the right of the corporate fund's participants to make proposals on the agenda.

6. In the event if within the term established by the second part of this Article, the Supervisory Board has not taken a decision to convene the Extraordinary General Meeting, such Meeting may be convened by the participants of the corporate fund, who demand it. The decision of the

Supervisory Board to refuse to convene the Extraordinary General Meeting may be appealed in the Court by the participants of the corporate fund.

7. A corporate fund or a person, who keeps accounting of the property rights on the corporate fund's shares, must provide upon request of the Supervisory Board within 3 business days information on the list of shareholders, and also other information, which is necessary for organization of holding of the Extraordinary General Meeting.

In case of convening the General Meeting by the corporate fund's participants, a notice on it and other materials are sent to all participants of the corporate fund by the person, who keeps records of ownership of the corporate fund's shares at the expense of those participants of the corporate fund, who demand convocation.

Article 31. Holding of the General Meeting by Poll

1. The Statute of the corporate fund may provide the possibility of holding of the General Meeting by poll without convening the corporate fund's participants to discuss the issues on the agenda, except for the General Meeting, which is convened in the case, envisaged by part five of Article 30 of this Law.

2. Decisions of the General Meeting may be taken by poll on all issues within the exclusive competence of the General Meeting.

3. The decision on holding of the General Meeting by poll is made by the Supervisory Board and should include:

- 1) a list of questions submitted to a vote by poll;
- 2) the date of compiling of the list of participants of the corporate fund, which are eligible to participate in the General Meeting by poll, that is the date of the adoption of the decision on holding of the General Meeting by poll by the Supervisory Board;
- 3) the date of dispatch ballots for voting by poll to the participants of the corporate fund (not later than eight working days after the day of compiling the list of participants of the corporate fund which are eligible to participate in the General Meeting by poll);
- 4) the final date of obtaining ballots for voting by poll, which are filled by participants of the corporate fund, by the corporate fund (not earlier than 20 and later than 45 working days after the dispatch of ballots for voting by poll to the participants of the corporate fund);
- 5) form and text of the ballot for voting by poll;
- 6) a list of documents concerning issues put to the vote.

4. The decision on holding of the General Meeting by poll shall be published in an official publication of the Commission at least 20 working days prior to the expiring date set for the receiving of the ballots by the corporate fund.

If the shares of the corporate fund circulate on the stock exchange, the decision on holding the General Meeting by poll shall be sent to this Stock Exchange at least 20 working days prior to the expiring date set for the receiving of the ballots by the corporate fund.

5. The ballot for voting by poll (except for the cumulative voting) shall contain:

- 1) a full name of the corporate fund;
- 2) the date of compiling the list of participants of the corporate fund, which are eligible to participate in the General Meeting by poll;
- 3) the expiration date of receiving ballots for voting by poll filled by the participants of the corporate fund, by the corporate fund;
- 4) the question put to the vote, and the draft decisions on the matter;
- 5) voting options for each draft decision (inscriptions "for", "against", "abstain");
- 6) the surname, first name and patronymic or corporate name of the participant of the corporate fund and the number of votes in his/its possession;
- 7) a warning that the signature on the ballot of the authorized person of the corporate fund's participant, which is a legal entity, must be certified by the seal of such entity, and the signature of the participant of the corporate fund, who is a physical person, must be certified in accordance with legislation;
- 8) a warning that in case of absence of the signature's certification, the ballot is deemed invalid.

6. A ballot for cumulative voting by poll shall contain:

- 1) a full name of the corporate fund;
- 2) the date of compiling the list of participants of the corporate fund, which are eligible to participate in the General Meeting by poll;
- 3) the expiration date of receiving ballots for voting by poll filled by the participants of the corporate fund, by the corporate fund;
- 4) a list of candidates for membership in the Supervisory Board with indication of information on them in accordance with the requirements prescribed by the Commission;
- 5) a place for indication of the number of votes by the corporate fund's participant (representative of the participant) , which he/she gives for each candidate;
- 6) the surname, first name and patronymic or corporate name of the participant of the corporate fund and the number of votes in his/its possession;
- 7) a warning that the signature on the ballot of the authorized person of the corporate fund's participant, which is a legal entity, must be certified by the seal of such entity, and the signature of the participant of the corporate fund, who is a physical person, must be certified in accordance with legislation;
- 8) a warning that in case of absence of the signature's certification, the ballot is deemed invalid.

7. The ballot for voting by poll shall be signed by the Chairman of the Supervisory Board of the corporate fund, unless otherwise is provided by the Statute or the Regulations on the General Meeting of the corporate fund, and sealed by the corporate fund.

The mentioned ballot and papers on questions submitted for voting, shall be sent personally to each participant of the corporate fund included in the list of participants of such fund which are

eligible to participate in the General Meeting by poll, via mail with return receipt, if another procedure for receiving of these documents by the corporate fund's participants is not envisaged by the Statute of the corporate fund.

Participant of the corporate fund shall fill and sign the ballot for voting by poll and send it to the corporate fund via mail, unless another procedure is prescribed by the Statute of the corporate fund. Signature of the corporate fund's participant on the ballot may be certified by the depositary, custodian, notary and other officials, who commit notarial acts, or in other way stipulated by the legislation.

8. Participants, whose ballots were received by the corporate fund before the expiration date, set for obtaining ballots for voting by poll, by the corporate fund, shall be deemed as those, who have taken part in the General Meeting by poll.

The General Meeting which was held by poll is considered valid if participants of the corporate fund who have participated in it, collectively own more than 50 percent of the corporate fund's shares, which were in circulation on the date of compiling the list of participants of the corporate fund, which were eligible to take part in the General Meeting by poll.

9. Decision of the General Meeting on issues put to a vote by poll shall be taken in accordance with the procedure specified in Article 25 of this Law.

10. Processing of ballots for voting by poll and counting of votes of participants of the corporate fund begins not earlier than the expiring date which was set for receiving of such ballots by the corporate fund.

Counting of the votes of participants of the corporate fund is carried out by the Counting Commission, the composition of which consists of representatives from the asset management company, the custodian, which performs servicing of the corporate fund's assets, and its Supervisory Board - one representative from each of them.

Control over the process of counting of the votes of the corporate fund's participants may be exercised by the Commission in prescribed by it order. Participants (participant) of the corporate fund, who on the date of compiling the list of participants of the corporate fund, eligible to participate in the General Meeting by poll, collectively owned of at least 5 percent of the corporate fund's shares, have the right to supervise the counting of votes of the corporate fund's participants in a manner, established by the Commission.

11. A protocol on the results of voting by poll shall be made not later than five working days after the receipt of ballots for voting by poll by the corporate fund and signed by the Chairman of the Supervisory Board of the corporate fund, unless otherwise is provided by the Statute of the corporate fund or the Regulations on the General Meeting of the corporate fund. The protocol on the results of voting by polling indicates:

- 1) the date of compiling the list of participants of the corporate fund, which are eligible to participate in the General Meeting by poll;
- 2) the date of sending of ballots for voting by poll to the corporate fund's participants;
- 3) the expiration date of receiving ballots for voting by poll, filled by the corporate fund's participants, by the corporate fund;
- 4) a list of questions submitted for a vote by poll;

5) the total number of persons included in the list of participants of the corporate fund, which are eligible to participate in the General Meeting;

6) the total number of votes of the corporate fund's participants, who took part in the General Meeting by poll;

7) a quorum of the General Meeting;

8) the results of the vote with the number of votes "for", "against" and "abstain" on every question put to the vote by poll and the decisions taken on each issue;

9) the date of preparation of the protocol on results of voting by poll.

12. The results of voting by poll are communicated to participants of the corporate fund within the period and in the manner specified by the Statute or the Regulations on a General Meeting of the corporate fund.

13. In case of absence of a quorum at the General Meeting, conducted by poll, the next General Meeting, concerning the same issues on the agenda, will not be conducted by poll.

Article 32. Specific Features of the General Meeting of the Corporate Fund, Which Consists of One Person

1. If the corporate fund consists of one person, provisions of Articles 19-31 of this Law on the procedure of convening and holding of the General Meeting are not applied to such fund.

2. The powers of the General Meeting provided for in Article 17 of this Law and internal documents of the corporate fund, are exercised by the participant of the corporate fund single-handedly. Decisions of the participant of the corporate fund on matters which are in the competence of the General Meeting, shall be issued in writing (in form of a decision, order, etc.) and certified by the corporate fund's seal or notarially.

Article 33. Creation of the Supervisory Board

1. The Supervisory Board is a body of the corporate fund that protects the rights of the corporate fund's participants, and in accordance with this Law and the Statute of the corporate fund supervises the activities of the corporate fund and fulfillment of the Regulations, investment declaration and agreement on management of the corporate fund's assets.

2. Creation of the corporate fund's Supervisory Board is mandatory.

3. The quantitative composition of the Supervisory Board is established by the Statute, is an odd number of persons, and may not be less than three persons.

4. A procedure of operation and responsibility of the members of the Supervisory Board are determined by this Law and the Statute of the corporate fund.

5. A member of the Supervisory Board may not delegate its powers to another person.

6. If the corporate fund consists of one person, provisions of Articles 35-38 of this Law are not applied to such fund.

The powers of the Supervisory Board, prescribed by the Article 34 of this Law, and internal documents of the corporate fund, are exercised by the participant of the corporate fund single-handedly.

Decisions of the participant of the corporate fund on matters within the competence of the Supervisory Board, should be done by him/her in writing (in the form of a decision, order, etc.) and certified by the corporate fund's seal or notarially.

Article 34. Competence of the Supervisory Board

1. The competence of the Supervisory Board includes:

1) decision on holding of ordinary and extraordinary General Meeting, other than Extraordinary General Meeting convened at the request of the corporate fund's participants;

2) approval of the agenda of the General Meeting, the decision on the date of its holding and inclusion of proposals on the agenda, except for cases of convening of the Extraordinary General Meeting at the request of the corporate fund's participants;

3) election of the Chairman of the Supervisory Board;

4) approval of the Regulations and changes thereto;

5) approval of changes to the prospectus of issue of the corporate fund's shares;

6) election of the Registration Commission except the case of convening the Extraordinary General Meeting at the request of the participants of the corporate fund;

7) determining the date of compiling the list of persons entitled to receive dividends, procedure and terms of dividend payment (for the corporate fund of closed-end type);

8) determining the date of compiling the list of participants of the corporate fund, which shall be notified on holding of the General Meeting in accordance with the part one of Article 19 of this Law, and date of compiling the list of participants of the corporate fund which are eligible to participate in the General Meeting in accordance with Article 18 of this Law;

9) approval of the agreements on corporate fund's assets concluded by the asset management company, an amount of which exceeds the minimum sum prescribed by the Statute or the Regulations;

10) other issues within the competence of the Supervisory Board in accordance with legislation or the Statute of the corporate fund.

Article 35. Election of the Members of the Supervisory Board

1. The members of the Supervisory Board shall be elected from among individuals who have full civil capacity.

2. The powers of a member of the Supervisory Board are valid from the date of their approval by the General Meeting.

3. One and the same person may be elected to the Supervisory Board repeatedly.

4. The composition of the Supervisory Board of the corporate fund may not contain representatives or affiliated persons of the:

1) asset management company of the corporate fund (other than venture capital fund);

2) securities traders, who provide services for that corporate fund;

3) custodian of the corporate fund's assets;

- 4) depositary, which provides services for that corporate fund;
- 5) auditor (auditing firm) of the corporate fund;
- 6) appraiser of the corporate fund's property.

Article 36. The Chairman of the Supervisory Board

1. The Chairman of the Supervisory Board is elected by the members of the Supervisory Board from among them by the simple majority of votes of the quantitative composition of the Supervisory Board, unless otherwise is provided by the Statute of the Corporate fund.

The Supervisory Board has the right to re-elect the Chairman of the Supervisory Board at any time.

2. The Chairman of the Supervisory Board organizes its work, convene meetings of the Supervisory Board and presides at them, opens the General Meeting and organizes the election of the Secretary of the General Meeting, unless otherwise is provided by the Statute of the corporate fund, and exercises other powers provided by the Statute.

3. In case of impossibility for the Chairman of the Supervisory Board to perform its powers, one of the members of the Supervisory Board performs them, following the decision of the Supervisory Board, unless otherwise is provided by the Statute.

Article 37. Meetings of the Supervisory Board

1. Meetings of the Supervisory Board shall be convened at the initiative of the Chairman of the Supervisory Board or at the request of a member of the Supervisory Board.

Meetings of the Supervisory Board are also convened at the request of the asset management company of the corporate fund, custodian of the corporate fund, auditor (auditing firm) of the corporate fund.

At the request of the Supervisory Board a representative of the asset management company of the corporate fund, the custodian of the corporate fund, the auditor (auditing firm) of the corporate fund participates in its meeting or while consideration of separate issues on the meeting's agenda.

The Supervisory Board's meetings are held when needed at intervals specified by the Statute.

The Statute may provide the adoption of a decision by the Supervisory Board as a result of voting by poll.

2. The Supervisory Board must hold a meeting in case of:

- 1) insolvency of the corporate fund;
- 2) reduction of net assets' value by more than 25 percent compared with the latest estimations (for the corporate fund of closed-end or interval type);
- 3) reduction of net assets' value by more than 15 percent within seven days (for the corporate fund of an open-ended type);
- 4) reduction of net assets' value below their nominal value;
- 5) other circumstances specified in the Statute of the corporate fund.

3. The meeting of the Supervisory Board is competent if at least half of its members takes part in it. More number of members of the Supervisory Board may be required for the recognizing of its meetings eligible, if this is prescribed by the Statute.

4. Decisions of the Supervisory Board are adopted by a simple majority of votes of the Supervisory Board's members, who participate in the meeting and are entitled to vote, if the Statute does not set the larger number of votes for adoption of decisions.

5. Each member of the Supervisory Board has one vote at the meeting of the Supervisory Board.

The Statute may provide a casting vote for the Chairman of the meeting in the case of equal distribution of votes of the Supervisory Board's members while decision making.

6. Minutes of the meeting of the Supervisory Board is prepared not later than five working days after holding of the meeting. The minutes of the meeting of the Supervisory Board indicates:

- 1) the place, date and time of holding the meeting;
- 2) persons, who took part in the meeting;
- 3) the agenda of the meeting;
- 4) matters submitted to a vote, and the voting results with indication of the Supervisory Board's members, who voted "for", "against", "abstain" or not voted on each issue;
- 5) the content of the taken decisions .

7. Minutes of the meeting of the Supervisory Board is signed by the Chairman of the meeting.

Minutes of the meeting of the Supervisory Board shall be placed on the website of the asset management company of the corporate fund, and in the Commission's publicly available information database on the securities' market, free of charge.

8. Meeting of the Supervisory Board or consideration of a single issue may be fixed by technical means in accordance with the decision of the Supervisory Board.

Article 38. Early Termination of Powers of Members of the Supervisory Board

1. The General Meeting may decide on early termination of powers of all members of the Supervisory Board and simultaneous election of new members. Without a resolution of the General Meeting, powers of the member of the Supervisory Board shall be terminated:

- 1) at his request, provided that written notification of this was sent to the Corporate fund two weeks in advance;
- 2) in case of his/her inability to serve in the future as a member of the Supervisory Board for health reasons;
- 3) in case of entry into force of a judgment or decision of the Court, which sentenced him to a penalty, that excludes the possibility for him/her to perform the duties of a member of the Supervisory Board;
- 4) in case of death, recognizing him as incapable, partially incapable, missing or dead.

The Statute of the corporate fund may provide additional reasons for termination of powers of

the member of the Supervisory Board.

2. If the number of the Supervisory Board members is less than half of its quantitative composition envisaged by the Statute, the Supervisory Board is not empowered to take any decisions, other than those related to convening and holding of the Extraordinary General Meeting.

The agenda of such the Extraordinary General Meeting necessarily includes the issue on election of new members of the Supervisory Board.

Article 39. Termination of a Corporate Fund

1. A corporate fund is terminated exclusively via liquidation.

Voluntary liquidation of the corporate fund is made at the decision of the General Meeting of the corporate fund in manner prescribed by this Law, in compliance with the Civil Code of Ukraine.

2. The Corporate fund is liquidated compulsorily if:

1) as a result of redemption of the corporate fund's shares the value of its assets became lower than minimum established for the corporate fund's Statutory capital by this Law;

2) expired term for the corporate fund's activity (for the fixed-term corporate fund);

3) the prospectus of placement of the corporate fund's shares, which was issued for the purpose of collective investment, is not registered within one year from the date of entering data on the corporate fund into the Register;

4) within one month after termination of contract with the asset management company and / or custodian of the corporate fund the validity of such contract is not prolonged or contract with another asset management company and / or custodian of the corporate fund has not been concluded;

5) the license, which was issued for the asset management company to carry out the activity of managing the assets of institutional investors has been revoked, and within 30 working days new agreement with another asset management company has not been concluded;

6) the license, which was issued for the custodian of the corporate fund to carry out activity of securities' depository has been revoked and within 30 working days a new agreement with another custodian of the assets of the corporate fund has not been concluded;

7) in other cases provided by the legislation.

Liquidation on the grounds provided by this part, is carried out based on a decision of the General Meeting of the corporate fund's participants. In the case of failing to take such decision, liquidation is carried out by a Court decision, in particular, on the claim of the Commission or any other authorized state body.

3. If within one month after the end of the period provided by the Statute and the Regulations of the fixed-term corporate fund, the General Meeting of the corporate fund's participants has not made the decision on liquidation, liquidation of such fund is carried out based on the Supervisory Board's decision.

4. Liquidation of the fixed-term corporate fund before the deadline set by the Regulations is possible with the consent of all its members.

5. Since the moment of the adoption of the decision to liquidate the corporate fund, placement and turnover of shares of such fund is prohibited.

6. Corporate fund is liquidated in the manner and within the timeframes established by normative-legal acts of the Commission.

Settlements with participants of the corporate fund during the process of liquidation of the corporate fund are carried out in the manner prescribed by the Commission.

7. The composition of the Liquidation Commission of the corporate fund must include representatives of the asset management company and the custodian of the corporate fund (except cases which are provided in paragraphs 4-6 of the second part of this article).

8. The procedure for the liquidation of the corporate fund is as follows:

1) adoption by the General Meeting decisions on the corporate fund's liquidation and on election of the Liquidation Commission, on suspending of placement and circulation of the corporate fund's shares (except for transactions related to repurchasing of the corporate fund's shares), on settlements with the participants of the corporate fund by means of the fund's assets, other than moneys;

2) satisfaction of creditors' claims, including of the asset management company of the corporate fund, custodian of the corporate fund, depository, auditor (auditing firm) and appraiser of the corporate fund's property;

3) the realization of assets of the corporate fund, except the cases envisaged by part nine of this Article;

4) preparation of the interim liquidation balance sheet by the Liquidation Commission ;

5) approval of the interim liquidation balance sheet by the Supervisory Board;

6) distribution of the corporate fund's assets by the Liquidation Commission in the manner prescribed by the Article 40 of this Law;

7) preparation of the liquidation balance sheet by the Liquidation Commission;

6) distribution of the corporate fund's assets by the Liquidation Commission in the manner prescribed by the Article 40 of this Law;

7) preparation of the liquidation balance sheet by the Liquidation Commission;

8) submission of documents for cancellation of registration of the corporate fund's shares, cancellation of prospectus of issue of the corporate fund's shares and revocation of the certificate of registration of the corporate fund's shares to the Commission by the Liquidation Commission;

9) abolition of registration of the corporate fund's shares and prospectus of issue the corporate fund's shares by the Commission and revocation of the certificate of registration of the corporate fund's shares;

10) submission by the Liquidation Commission of documents to the Commission for cancellation of registration of Regulations, cancellation of certificate of registration in the Register and exclusion of data on the corporate fund from the Register;

11) exclusion of data on the corporate fund from the Register by the Commission;

12) state registration of termination of the corporate fund.

9. Distribution of the corporate fund's assets, other than money, by the Liquidation Commission is carried out before fulfilment of the requirements of paragraph 3 of part eight of this Article with the consent of all participants of the corporate fund and is formalized by the agreement on distribution of assets of the corporate fund, other than money, concluded between the Liquidation Commission and all members of the corporate fund.

In case of distribution of assets of the corporate fund, other than money, realization of such assets is not made.

10. A corporate fund after exclusion of data on it from the Register has to perform all actions related to its liquidation as a legal entity.

Article 40. Distribution of the Assets of a Corporate Fund in Case of Its Liquidation

1. After realization of the corporate fund's assets by the Liquidation Commission, moneys which were received from the sale, should be distributed in the following order:

1) payments to the participants of the corporate fund, who had applied for redemption of the corporate fund's shares before the decision on liquidation of the corporate fund was made (except for the closed-end corporate funds) shall be done;

2) mandatory payments to the State Budget of Ukraine shall be done;

3) claims of creditors shall be met;

4) moneys shall be distributed among the participants of the corporate fund proportionally to the number of belonging to them the corporate fund's shares, in the manner determined by the Commission.

2. The distribution of assets is carried out after full satisfaction of the requests of the previous turn.

3. Settlements with participants of the corporate fund in the process of liquidation of the corporate fund may be made by means of fund's assets, other than moneys, if:

1) shares of the corporate fund were placed only via private placement;

2) the possibility of settlements with participants of the corporate fund via assets of the corporate fund, other than money, is envisaged by the Regulations;

3) all participants of the corporate fund have given their consent for the settlements with the corporate fund's participants with assets of the corporate fund, other than money;

4) moneys, available from the corporate fund assets at the time of adoption of the decision on liquidation, are sufficient to make mandatory payments to the State Budget of Ukraine and satisfaction of creditors' claims and will be used exclusively for these purposes.

4. In case of settlements with participants of the corporate fund by the assets of the corporate fund, other than moneys, distribution of such assets between participants of the corporate fund is carried out proportionally to the number of belonging to them shares, in the manner which was approved by the General Meeting of the participants of the corporate fund.

Redistribution of the corporate fund's assets, other than the moneys, after conclusion of the

agreement on distribution of such assets of the corporate fund, is prohibited.

Chapter III UNIT FUND

Article 41. The Legal Status of a Unit Fund

1. A unit fund shall be understood as the totality of assets, owned by participants of such fund in the form of common shared property, being managed by an asset management company and accounted by the latter separately from its own business performance.

2. A minimum amount of assets of a unit investment fund is 1250 times the minimum monthly salary, amount of which is prescribed by law on the date of registration of the fund as a collective investment institution.

Requirements for a minimum amount of assets are applicable to a unit fund after six months from the date of registration of placement of investment certificates of such fund.

If amount of assets of a unit fund has become less than the minimum amount of assets of unit fund and for six months has not increased to the minimum amount of assets, such unit fund is subject to liquidation.

3. A unit investment fund is not a legal entity and may not have officials.

4. Regulations and prospectus of issue of investment certificates of unit fund must indicate its name and contain the words "unit fund", type, kind, class (if the fund is specialized or qualified) of the fund and its belonging to a stock exchange or venture capital fund.

Article 42. Establishment of a Unit Fund

1. A unit fund shall be initiated by an asset management company.

2. Establishment of a unit fund is carried out in the following order:

- 1) adoption of a decision to create a unit fund by the authorized body of the asset management company;

- 2) approval of the Regulations by the authorized body of the asset management company;

- 3) submission of documents to the Commission for registration of the unit fund and entering data about the unit fund into the Register;

4) registration of Regulations by the Commission, entering data on the unit fund into the Register, assignment of the code in accordance to the Register, issuance of the certificate of registration in the Register;

5) conclusion of contracts with the auditor (auditing firm), the custodian of the unit fund's assets, the depositary;

6) conclusion of contract with the underwriter, if necessary;

7) approval by the authorized body of the asset management company prospectus of issue of investment certificates;

8) submission to the Commission of documents required to register a prospectus of issue of investment certificates;

9) registration prospectus of investment certificates by the Commission and issuance of certificate of registration of investment certificates to the asset management company;

10) assignment to the investment certificates of international identification number of securities;

3. Creating a unit fund by other way than envisaged by part two of this Article is prohibited.

4. The issuer of investment certificates of the unit fund is the asset management company of this fund.

5. A unit fund is considered as created from the date of entering of information about it into the Register.

6. During the period between entering of information about unit fund into the Register and registration of the prospectus of issue of investment certificates, an asset management company of a unit fund has no right to perform any activities at the expense and in the interests of the unit fund other than those aimed at the registration of prospectus of issue of fund's investment certificates.

Article 43. Functioning of a Unit Fund

1. Accounting and tax accounting of operations and performance results of collective investment, which is held by an asset management company via a unit fund, is performed by the asset management company apart from accounting of its own operations and operating results, and apart from accounting of operations and operating results of other collective investment institutions, the assets of which are under its management.

2. When concluding contracts at the expense of a unit fund, an asset management company shall act on its own behalf in the interests of a unit fund with mandatory

indication of fund's requisites in such contracts.

3. The assets of a unit fund, including real estate, securities and deposits, shall be registered in the established order in the name of the asset management company with the obligatory indication of requisites of such fund.

4. In case if assets of a unit fund include real estate, as it is envisaged by the Regulations, an asset management company shall conclude a contract with the appraiser of a unit fund's property.

Article 44. Regulations of a Unit Fund

1. The specifics of functioning of a unit fund shall be determined by its Regulations.

2. The Regulations shall specify:

1) a procedure of determining of the net assets' value and the price of placement (redemption) of investment certificates;

2) a procedure of determining of remuneration for the asset management company and compensation of the associated with the activities of the fund costs, which shall be reimbursed by means of its assets;

3) a procedure for payment of dividends by the unit fund (for closed-end unit fund, if such payment is envisaged by its Regulations);

4) a procedure and terms of redemption of investment certificates by the asset management company of the unit fund;

5) the investment declaration;

6) information about the asset management company.

3. In the event of changes to the Regulations, an asset management company of a unit fund within ten working days from the date of registration of changes to the Regulation by the Commission, provides a copy of amendments to the Regulations to the custodian of assets of a unit fund.

Article 45. Participation in a Unit Fund

1. Participant of a unit fund shall be understood as a legal entity or natural person, which owns an investment certificate of such fund.

2. Participants of a unit fund have no right to influence the activity of the asset management company.

3. The Supervisory Board shall not be created in a unit fund.

Article 46. Termination of a Unit Fund

1. A unit fund shall be terminated exclusively via liquidation.

2. The asset management company of a unit fund decides on its liquidation in case if:

1) the amount of value of assets of the unit fund has become less than the minimum value of assets of the unit fund, and for six months has not increased to the minimum amount of assets;

2) expired term for the unit fund's activity (for the fixed-term unit fund);

3) a prospectus of issue of the unit fund's investment certificates, which were issued for the purpose of collective investment, was not registered within one year from the date of entering data about unit fund into the register;

4) within one month after termination of the contract with the custodian of the unit fund's assets the validity of this contract was not prolonged, or new contract with another custodian of the unit fund's assets was not concluded;

5) the license which was issued to the asset management company to conduct activities of managing the assets of institutional investors, has been revoked;

6) the license, which was issued for the custodian of assets of the unit fund to conduct depositary activities of securities' custodian is revoked, and within 30 working days new contract with other custodian of assets was not concluded;

7) in other cases envisaged by this Law.

3. On the next working day after the period, for which the fixed-term unit fund was established, an asset management company should decide on liquidation of such fund.

For carrying out of liquidation of the unit fund the Liquidation Commission is created in the order established by the Commission.

If the issue prospectus of investment certificates of unit fund has not been registered within one year from the day of recording of such fund in the Register, this unit fund shall be liquidated without creating of the Liquidation Commission.

4. Liquidation of a fixed-term unit fund before the expiration of the period established by its Regulations, is possible provided the consent of all participants.

5. Since the adoption of the decision to liquidate a unit fund, distribution and circulation of investment certificates shall be prohibited.

6. unit fund shall be liquidated in the manner and within the timeframe established by normative-legal acts of the Commission.

Settlements with participants of the unit fund during the process of liquidation shall be carried out in the manner prescribed by the Commission.

Article 47. Distribution of Assets of a Unit Fund in Case of Its Liquidation

In the process of liquidation of a unit fund its assets are realized for money within timeframes established by the Commission. Moneys, which were received from the sale, are distributed in the following order:

1) payments shall be done to the participants of the unit fund, who had applied for redemption of investment certificates before the decision on liquidation of the unit fund was adopted (except for the closed-end unit fund);

2) mandatory payments to the State Budget of Ukraine shall be paid;

3) claims of creditors of asset management company shall be satisfied to repay the debts incurred in connection with the activities of that unit fund, which is liquidated;

4) moneys are distributed among the participants of the unit fund proportionally to the number of belonging to them investment certificates of the unit fund, in the manner determined by the Commission.

2. The distribution of moneys is carried out after full satisfaction of the requests of the previous turn.

3 Settlements with participants of the unit fund in the process of liquidation of the unit fund may be made by means of fund's assets, other than moneys in case, if:

1) investment certificates of the unit fund were placed only via private placement;

2) the possibility of settlements with participants of the unit fund by means of assets of the unit fund, other than moneys, is envisaged by the Regulations;

3) all participants of the unit fund gave their consent for the settlements with the participants of the unit fund by means of assets of the unit fund, other than moneys;

4) moneys, available in the unit fund's assets at the time of adoption of the decision on liquidation, are sufficient to make mandatory payments to the State Budget of Ukraine and satisfaction of creditors' claims and will be used exclusively for this purpose.

4. Distribution of the unit fund's assets, other than money, is carried out upon the condition of consent of all the unit fund's participants and formalized by the agreement on distribution of the unit fund's assets, other than money, which is concluded between the Liquidation Commission and all members of the unit fund.

In case of settlements with participants of the unit fund by the assets of the unit fund, other than moneys, distribution of such assets between participants of the unit fund is carried out proportionally to the number of belonging to them shares.

Redistribution of the unit fund's assets, other than the moneys, after conclusion of the agreement on distribution of such assets of unit fund, is prohibited.

Upon completion of settlements in the manner provided in this Article, the Liquidation Commission of the unit fund shall submit to the Commission documents to cancel registration of the investment certificates and report on the results of the unit fund's liquidation. Requirements for the report shall be established by the Commission

Exclusion of information about unit fund from the Register is carried out after cancellation of registration of fund's investment certificates.

6. A unit fund is considered as liquidated after the exclusion of information about it from the Register.

Chapter IV

THE ASSETS OF A COLLECTIVE INVESTMENT INSTITUTION

Article 48. The Composition and Structure of the Assets of a Collective Investment Institutions

1. The assets of a collective investment institution may consist of securities, moneys, including in foreign currency, bank metals and other assets envisaged by the legislation.

2. The value of real estate and securities not admitted to trading on stock exchange may not exceed 50 percent of the total asset value of assets of a collective investment institution of non-diversified type. This limitation shall not apply to venture funds.

3. It is prohibited for the collective investment institution belonging to diversified type:

1) to invest into bank securities and bank metals more than 20 percent of the total asset value of a collective investment institution. At that, it shall also not be allowed to invest more than 10 percent of the total asset value of a collective investment institution into the securities and liabilities of one bank;

2) to acquire or additionally invest into the securities and liabilities of one legal entity (with exception of banks) more than 5 percent of the total asset value of a collective investment institution;

3) to acquire or additionally invest into government securities, state-guaranteed securities more than 50 percent of the total asset value of a collective investment institution. At that, it shall be prohibited to invest more than 10 percent of the total asset value of a collective investment institution into the securities of one issue;

4) to acquire or additionally invest into the securities of local self-government bodies more than 40 percent of the total asset value of a collective investment institution. At that, it shall be prohibited to invest more than 10 percent of the total asset value of a collective investment institution into the securities of local self-government bodies of one issue;

5) to acquire or additionally invest into the securities, the yield on which is guaranteed by the governments of foreign states, more than 20 percent of the total asset value of a collective investment institution. At that, it shall be prohibited to acquire or additionally invest into the securities, the yield on which is guaranteed by the government of one foreign state, more than 10 percent of the total asset value of a collective investment institution;

6) to acquire or additionally invest into the equities and bonds of foreign issuers admitted to trading on stock exchanges of foreign states more than 20 percent of the total asset value of a collective investment institution;

7) to acquire or additionally invest into other assets envisaged by the legislation of Ukraine more than 5 percent of the total asset value of a collective investment institution;

8) to acquire or additionally invest into real estate objects more than 10 percent of the total asset value of a collective investment institution.

The value of securities not admitted to trading on a stock exchange may not exceed 20 percent of the total asset value of a collective investment institution of non-diversified type.

4. The assets of a venture fund may include debt instruments. Such debt instruments may be in the form of promissory notes, mortgage securities, agreements on assignment of claims, loan agreements and in other forms not prohibited by the legislation.

A venture fund shall be entitled to lend moneys. Loans at the expense of the moneys of a venture fund may be granted only to legal entities provided that at least 10 percent of the statutory capital of a respective legal entity belongs to such venture fund.

The assets of a venture fund may fully consist of moneys, real estate, corporate rights, rights of claim and securities not admitted to trading on a stock exchange.

5. The assets of a specialized money market fund may include:

- 1) moneys in the national and foreign currencies;
- 2) savings (deposit) certificates, current and fixed-term deposits up to two years (including in foreign currency);
- 3) government securities with maturities of not more than two calendar years;
- 4) municipal bonds with maturities less than two calendar years;
- 5) debt securities with maturities less than two calendar years, secured by the state or local warranties;
- 6) debt securities, with the period to maturity up to two calendar years, the redemption of which and the yield on which are guaranteed by the governments of foreign states, a sovereign credit rating of which is not lower than the rank set by the Commission;
- 7) corporate bonds with the period to maturity or an early redemption by the issuer not exceeding one year;
- 8) derivatives, the underlying assets for which are the assets listed in sub-paragraphs 1-7 of this paragraph.

6. The asset structure of specialized money market funds shall simultaneously meet the following requirements:

- 1) the total value of municipal bonds and corporate bonds may not exceed 30 percent of the total asset value of a fund;
- 2) the total value of bonds secured with a government guarantee and bonds, the redemption of which and the yield on which is guaranteed by the governments of foreign states, may not exceed 50 percent of the total asset value of a fund;
- 3) the total amount of one bank's liabilities may not exceed 25 percent of the total asset value of a fund.

7. It is prohibited for the specialized money market funds:

- 1) to place into the liabilities of one bank more than 20 percent of the total value of fund's assets;
- 2) to acquire or additionally invest into the securities of one issuer, other than government bonds of Ukraine, more than 10 percent of the total asset value of a fund;

3) to acquire or additionally invest into the securities of one issue more than 10 percent of the total asset value of a fund;

4) to acquire or additionally invest into corporate bonds or municipal bonds, the credit rating of which does not match to the investment rank determined by an authorized or a recognized international rating agency based on the National rating scale.

8. The assets of a specialized fund of government securities may include:

- 1) moneys in the national and foreign currencies;
- 2) deposits (in the national and foreign currencies) in the state banks of Ukraine;
- 3) savings (deposit) certificates of the state banks of Ukraine;
- 4) government securities;
- 5) municipal bonds;
- 6) debt securities backed with a government or municipal guarantee;

7) debt securities, the redemption of which and the yield on which are guaranteed by the governments of foreign states, the sovereign credit rating of which is not lower than the rank set by the Commission;

8) emissive debt securities of international financial organizations;

9) derivatives, the underlying assets for which are the assets listed in sub-paragraphs 1-8 of this paragraph.

9. The asset structure of a specialized government securities fund shall simultaneously meet the following requirements:

1) the total value of corporate bonds backed with a government or municipal guarantee, as well as municipal bonds, may not exceed 40 percent of the total asset value of a fund;

2) the total value of debt securities, the redemption of which and the yield on which are guaranteed by the governments of foreign states, as well as of emissive debt securities of international financial organizations, may not exceed 20 percent of the total asset value of a fund;

3) the value of the government bonds of Ukraine may not exceed 35 per cent of the total asset value of a fund;

4) the total amount of one bank's liabilities may not exceed 25 per cent of the total asset value of a fund.

10. This is prohibited for a specialized government securities fund:

1) to acquire or additionally invest into the securities of one issuer, other than government bonds of Ukraine, more than 10 percent of the total asset value of a fund;

2) to place into liabilities of one bank more than 20 percent of the total value of fund's assets.

11. The assets of a specialized bond fund may include:

1) moneys in the national and foreign currencies;

2) deposits in the national and foreign currencies;

3) savings (deposit) certificates;

4) corporate bonds;

5) bonds of foreign issuers, which circulate on foreign stock exchanges, the list of which is determined by the Commission;

6) government bonds of Ukraine;

7) municipal bonds;

8) mortgage bonds;

9) preferred shares of Ukrainian issuers;

10) securities of the specialized government securities funds;

11) securities of specialized exchange traded index funds, the index basket of which includes exclusively bonds;

12) derivatives, the underlying assets for which are the assets listed in sub-paragraphs 1-8 of this paragraph.

12. The asset structure of a specialized bond fund shall simultaneously meet the following requirements:

1) the total value of municipal bonds may not exceed 40 percent of the total value of fund's assets;

2) the total value of foreign issuers' bonds, which are in circulation on foreign stock exchanges, the list of which is determined by the Commission, may not exceed 20 percent of the total value of the fund's assets;

3) the total value of the securities of specialized government securities funds and specialized exchange traded index funds may not exceed 20 percent of the total value of fund's assets;

4) the total value of preferred shares may not exceed 10 percent of the total value of fund's assets;

5) the total value of one bank's liabilities may not exceed 25 percent of the total value of fund's assets.

13. It is prohibited for the specialized bond funds:

- 1) to place into liabilities of one bank more than 20 percent of the total value of fund's assets;
- 2) to acquire or additionally invest into corporate bonds, mortgage bonds or municipal bonds of one issuer more than 15 percent of the total value of fund's assets;
- 3) to acquire or additionally invest into the securities of one specialized fund more than 10 percent of the total value of fund's assets.

14. The assets of a specialized equity fund may include:

- 1) moneys in the national and foreign currencies;
- 2) deposits in the national and foreign currencies;
- 3) savings (deposit) certificates;
- 4) equities of public joint stock companies;
- 5) equities of foreign issuers and securities of foreign exchange traded funds, traded on foreign stock exchanges, the list of which is determined by the Commission;
- 6) securities of specialized exchange traded index funds, the index basket of which contain only equities;
- 7) depository receipts for the securities listed in sub-paragraphs 4-6 of this paragraph;
- 8) derivatives, the underlying assets for which are the assets listed in sub-paragraphs 1-6 of this paragraph.

15. The asset structure of a specialized equity fund shall simultaneously meet the following requirements:

- 1) the total value of securities and depository receipts, the share of each within the total asset value of the fund exceeds 15 percent, may not exceed 50 percent of the total value of fund's assets;
- 2) the total value of one bank's liability may not exceed 25 percent of the total value of fund's assets;
- 3) the total value of the securities of specialized funds and foreign exchange traded funds may not exceed 30 percent of the total value of fund's assets.

16. It is prohibited for the specialized equity funds:

- 1) to acquire or additionally invest into the securities of one issuer more than 15 percent of the total asset value of a fund;
- 2) to acquire more than 10 percent of the total volume of securities of one issue;
- 3) to place into the liabilities of one bank more than 20 percent of the total value of fund's assets.

17. The assets of a specialized index fund may include:

1) moneys in the national and foreign currencies;

2) securities included into the index basket of a chosen stock exchange's index. The requirements to the index, as well as the methodology for its calculation, shall be set forth by the Commission.

18. The asset structure of a specialized index fund shall simultaneously meet the following requirements:

1) the value of securities shall be at least 80 percent of the total value of fund's assets;

2) the number of securities within a fund's assets shall be proportional to the number of securities included into the index basket. At that, the difference between the share of securities of one issuer within the total value of securities based on which the index is calculated, and the share of such securities within the value of the fund's assets consisting of securities, may not exceed 10 percent, if otherwise is not provided by the Commission.

19. The assets of a specialized bank metals fund may include:

1) moneys in the national and foreign currencies;

2) deposits in the national and foreign currencies;

3) savings (deposit) certificates;

4) government securities;

5) debt securities backed with government guarantee;

6) bank metals bullion on saving in bank vaults;

7) property rights under agreements with a bank as regards payment of the cash equivalent of a bank metal at its current rate;

8) securities of specialized exchange traded index funds, the index baskets of which include exclusively bank metals;

9) derivatives, the underlying asset of which is bank metals.

The list of bank metals and the procedure for determination of their market value are set forth by the National Bank of Ukraine.

20. The asset structure of specialized bank metals funds shall simultaneously meet the following requirements:

1) the total value of bank metals bullion, moneys and property rights under contracts with a bank as regards payment of the cash equivalent of bank metal at its current rate, shall be at least 70 percent of the total value of fund's assets;

2) the total value of one bank's liabilities may not exceed 25 percent of the total value of fund's assets.

21. It is prohibited for specialized bank metals funds to place into liabilities of one bank more than 20 percent of the total value of fund's assets.

22. The restrictions concerning one bank's liabilities within the assets of a collective investment institution, shall not apply to the moneys on current accounts opened with the custodian of assets of such collective investment institution.

23. An issue of securities of specialized investment funds shall be carried out only via public placement.

24. The assets of a collective investment institution may not include:

1) securities issued by the asset management company of a collective investment institution, the asset custodian of a collective investment institution, the depository, the property appraiser of a collective investment institution, as well as the auditor (audit firm) of such collective investment institution;

2) securities issued by the affiliated persons of the asset management company, the custodian of a collective investment institution, the depository, the property appraiser of a collective investment institution, as well as the auditor (audit firm) of such an institution;

3) securities of the foreign states and foreign legal entities not admitted to trading on any of the key foreign stock exchanges, the list of which is determined by the Commission;

4) securities of other collective investment institutions;

5) corporate bonds, mortgage bonds and municipal bonds, the credit rating of which does not match to the investment rank determined by an authorized or recognized international rating agency accordingly to the National rating scale in amount exceeding 20 percent of the asset value of a collective investment institution;

6) moneys and bank metals placed on current and deposit accounts in banks, the credit rating of which does not match to the investment rank determined by an authorized or recognized international rating agency accordingly to the National rating scale in amount exceeding 20 percent of the asset value of a collective investment institution;

7) promissory notes and savings (deposit) certificates for amount in excess of 10 percent of the asset value of a collective investment institution, if otherwise is not provided for by the normative-legal acts of the Commission;

8) securities of title to goods, mortgages;

9) certificates of funds of real estate transactions;

10) privatization securities;

11) agreements on participation in a fund of financing construction.

The requirements of sub-paragraphs 2, 3, 5–9 of this paragraph shall not apply to venture funds.

25. The composition of assets of a collective investment institution may contain foreign currency, including the one acquired via banks, which have the respective license.

26. The requirements to derivatives within the asset structure of a collective investment institution shall be set forth by the Commission.

27. The requirements to the asset structure of a unit fund set forth by this Law shall apply six months after the date of registration of the issue prospectus of such fund's investment certificates.

28. The requirements to the asset structure of a corporate fund set forth by this Law shall apply six months after the date of registration of the Regulations of such fund.

Article 49. The Net Asset Value Calculation

1. Net asset value shall be calculated by an asset management company in accordance with the normative-legal acts of the Commission and the Regulations.

2. Net asset value of an open-ended collective investment institution shall be calculated as of the end of each working day.

3. An asset management company shall calculate net asset value separately for each collective investment institution as of:

- 1) the date of expiry of the term established for reaching minimal asset volume by a unit fund;
- 2) the last calendar day of the month;

3) the day starting from which the limitations set forth by the legislation apply to the asset structure of a collective investment institution;

4) the day of compiling information on the activities of a collective investment institution (quarterly, annual);

5) every day of receipt of money to the bank account of a collective investment institution (during placement of the securities of such institution), or securities of a collective investment institution are credited to the account of bought out securities of such institution (during redemption of the securities of a collective investment institution);

6) the day, preceding the day on which the decision on liquidation of a collective investment institution was made;

7) the day, preceding the day on which settlements with the participants of a collective investment institution starts.

4. Specific features of the bookkeeping of a collective investment institution shall be set forth by the Commission, upon approval of the central executive body that provides for the formation of the state financial policy.

5. The form and the procedure for carrying out calculation of the net asset value of a collective investment institution shall be set forth by the Commission.

Chapter V

SECURITIES OF A COLLECTIVE INVESTMENT INSTITUTION

Article 50. Placement, Circulation and Redemption of Securities of a Collective Investment Institution

1. The effect of the legal acts that regulate the procedure of placement, circulation and redemption of securities of a collective investment institution shall apply to the placement, circulation and redemption of the securities of a collective investment institution to the extent they do not contradict this Law.

2. The procedure of placement, circulation and redemption of the securities of a collective investment institution shall be set forth by this Law and the normative-legal acts of the Commission.

3. Circulation of the securities of a unit fund is prohibited until the working day, that follows the day on which an asset management company receives a notice from the Commission on conformity of the unit fund with the requirements to the minimal asset volume of a collective investment institution.

Article 51. Securities of a Collective Investment Institution

1. Securities of a collective investment institution may be only registered.

2. Shares of a corporate fund shall be solely common ones and exist in non-documentary form.

Investment certificates shall exist solely in non-documentary form.

The issuer of securities of a collective investment institution has no right to change the decision on placement of securities of collective investment institution in the scope of the rights of securities of such an institution, placement conditions and the amount of said securities of a collective investment institution of the same issue, except as provided for by the laws of Ukraine and normative-legal acts of the Commission.

3. An issue of securities of a collective investment institution shall be carried out by way of their public or private placement.

Payment for securities of a collective investment institution shall be exercised solely in moneys, with exception of the case envisaged by paragraph 4 part 9 of this Law.

4. A person that acquires securities of a collective investment institution from their issuer shall pay for such securities during the term envisaged by the securities issue prospectus of the collective investment institution, but not later than 3 working days after the day of making an agreement on acquisition of the securities of the collective investment institution. Paid up securities of the collective investment institution in non-documentary form shall be credited to the investor's account opened with a custodian solely based on a respective order of such securities' issuer.

Payment for securities of a collective investment institution in installments shall not be allowed.

5. Each security of a collective investment institution shall grant to its owner the same scope of rights, as to the owners of other securities of the said institution.

6. Dividends on securities of open-ended and interval collective investment institutions shall be neither accrued, nor paid.

Article 52. The prospectus of issue of securities of a collective investment institution

1. The prospectus of issue of securities of a collective investment institution shall mean a document that contains information on placement of securities of a collective investment institution.

2. The prospectus of issue of securities of a collective investment institution and changes to the prospectus of issue of securities of a collective investment institution are subject to registration by the Commission in the manner prescribed by the Commission.

Publication of the prospectus of issue of securities of a collective investment institution and changes to prospectus of issue of securities of a collective investment institution shall be made in accordance with the requirements established by the normative-legal acts of the Commission.

In case of private placement of securities of a collective investment institution, the prospectus of issue and changes to it shall not be made public.

3. The prospectus of issue of securities of a collective investment institution of an interval type must provide the procedure for determining the date of the start and end of the interval, the frequency of the interval (at least once a year), the duration of the interval (at least 10 working days during the year and at least one working day during each interval).

4. Changes to the prospectus of issue of securities of a collective investment institution shall be filed to the Commission by the asset management company within seven working days from the date of adoption of the decision to amend the prospectus of issue of securities of a collective investment institution.

Changes to the prospectus of issue of securities of a collective investment institution during public placement, including on the presentation of the new edition, will come into force 10 days after the date of their registration by the Commission.

Changes to the prospectus of issue of securities of a collective investment institution during the private placement will take effect from the date of their registration by the Commission, unless otherwise is provided by such changes.

5. The prospectus of issue of securities of a collective investment institution and changes to prospectus of issue of securities of a collective investment institution shall be signed by the head and the chief accountant of the asset management company. Responsibility for the accuracy of information contained in the prospectus of issue of securities of a collective investment institution and changes to it, rests with the persons, who have signed these documents.

6. Losses caused as a result of false information contained in the prospectus of issue of securities of a collective investment institution and changes to prospectus of issue of securities of a collective investment institution shall be reimbursed in accordance with the legislation.

7. The list of information to be contained in the prospectus of issue of securities of a collective investment institution shall be set forth by this Law and normative-legal acts of the Commission.

Article 53. Registration of the Prospectus of Issue of Securities of a Collective Investment Institution

1. The list of documents that shall be submitted for the registration of prospectus of issue of securities of a collective investment institution, or changes thereto, and requirements concerning registration of such documents shall be established by the normative-legal acts of the Commission.

2. The Commission shall, not later than 30 working days after submission of the application and documents required for the registration of the prospectus of issue of securities of a collective investment institution, or amendments thereto, must register it (them) or provide a reasoned refusal of its (their) registration.

Asset Management Company is entitled to place securities of collective investment institution only upon condition of registration of the prospectus of issue of securities of a collective investment institution.

3. The grounds for refusal of registration of the prospectus of issue of securities of a collective investment institution, or changes to it are:

1) violation by the issuer of the securities of the collective investment institution or an asset management company the requirements of the legislation on securities, including the presence in the submitted documents of information, indicating non-compliance of conditions of the issue and / or securities of the collective investment institution with the requirements of legislation on securities;

2) non-compliance of the submitted documents and information contained in them with the requirements of normative-legal acts of the Commission;

3) the presence of false information in the prospectus of issue of securities of a collective investment institution and documents, submitted for its registration;

4) the presence of mutually exclusive information in the submitted documents.

5. If the applicant has fully taken into account the comments of the Commission and has not made any other changes in the text of the documents, the Commission has no right to refuse to register the prospectus of issue of securities of a collective investment institution or amendments thereto.

6. The refusal of the Commission's to register the prospectus of issue of securities of a collective investment institution or amendments thereto may be appealed in the Court.

Article 54. Registration of Issue of Shares of a Corporate Fund with the Purpose of Collective Investment, and the Prospectus of Their Issue

1. Within one year from the date of entering data on a corporate fund into the Register, the asset management company shall register the issue of shares, carried out with the purpose of collective investment, and the prospectus of their issue, with the Commission.

2. Registration of issue of shares of a corporate fund, carried out with the purpose of collective investment, and the prospectus of their emission, is performed in the following stages:

1) adoption by the General Meeting of the corporate fund decision on:

issue of shares, which is carried out for the purpose of collective investment, and approval of the prospectus of issue of these shares;

making amendments to the Statute of the corporate fund in connection with the increase of the statutory capital;

2) registration of amendments to the Statute of the corporate fund with the bodies of the state registration;

3) submitting to the Commission the application form and all documents necessary for the registration of shares of the corporate fund, with the purpose of collective investment, and their issue prospectus;

4) receipt of the registered prospectus of issue of shares and the certificate of registration of the issue of shares of the corporate fund to implement co-investment (taking into account the previous issue of shares);

5) depositing of the global certificate with the depositary.

3. Upon expiry the period of placement of shares, a fixed-term corporate fund is obliged to bring its statutory capital in accordance with the total nominal value of its shares, which are in circulation.

Article 55. A Procedure for Placement of Securities of a Collective Investment Institution

1. Term of placement of securities of a termless collective investment institution is not limited. Term of placement of securities of a fixed-term collective investment institution shall be indicated in the issue prospectus. At that, the date of placement's termination may not be later than three months prior to the date of termination of activities of such collective investment institution.

2. The requirements to the minimal asset volume shall apply to a unit fund after six months from the day of registration of issue of such fund's investment certificates.

The term established for reaching minimal asset volume of a unit fund shall be determined by investment certificates' issue prospectus and shall not exceed six months after the date of the investment certificates' issue registration.

The shares of a corporate fund shall be placed at the calculated price upon registration of their issue for the purpose of carrying out collective investments.

4. Within three working days after expiration of the term established for reaching minimal asset volume of a unit fund, an asset management company shall be obliged to file to the Commission a report on reaching minimal asset volume of the unit fund, according to the procedure set forth by the Commission. An asset management company have a right to file a report on reaching minimal asset volume of the unit fund until expiration of the term established by the prospectus of issue of securities of the collective investment institution.

5. The Commission, based on a report on reaching minimal asset volume of a unit fund, during 15 working days after receiving the said report and all necessary documents, shall notify an asset management company on compliance/ non-compliance of the unit fund with the requirements to the minimal asset volume of a collective investment institution, according to the procedure set forth by the Commission.

Until the day following the day of receipt by an asset management company of the notice from the Commission on compliance of the unit fund with the requirements to the minimal asset volume of a collective investment institution, placement of the securities of the collective investment institution shall be performed at a price based on their nominal value.

Starting from the working day following the day of receipt by an asset management company of the notice from the Commission on compliance of the unit fund with the requirements to the minimal asset volume of a collective investment institution, placement of the investment certificates of such an institution shall be performed at a price determined in accordance with Article 56 of this Law.

6. Should a unit fund fail to comply with the requirements to the minimal asset volume of a unit fund, the Commission shall recognize its issue of investment certificates as invalid.

All moneys, obtained by the unit fund, are to be returned to the participants of the collective investment institution within a month. Costs relating to recognizing the issue of investment certificates of a unit fund as invalid, should be borne, accordingly to the legislation, by the asset management company of the unit fund.

Upon completion of settlements with unit fund participants, the asset management company shall file to the Commission documents for a cancellation of registration of the issue prospectus and issue of securities of such a fund in accordance to normative-legal acts of the Commission.

Article 56. Calculation of a Value of a Security of a Collective Investment Institution

1. Estimated value of a security of a collective investment institution shall be determined by dividing of the total net asset value of the collective investment institution by the number of securities of the collective investment institution, which are in circulation as of the date of calculation.

2. An acquisition of securities of a collective investment institution, with exception of the case envisaged by part 5 of article 55 of this Law, shall be performed at a price, which is determined based on the estimated value of security of the collective investment institution on the day when moneys are credited to the account of such institution. An application for acquisition shall contain an amount of moneys, for which securities of the collective investment institution are purchased. The number of securities of the collective investment institution being acquired by an investor shall be determined by way of dividing of the amount paid by the investor, by the price of one security of the collective investment institution, determined as of the date of crediting moneys to the account of such institution.

In case if an excess of moneys has appeared as a result of the above division, one of the following actions amongst those defined by the investor in the application, shall be taken in respect of the excess amount:

the rest of the moneys shall be used during the next acquisition of securities of the collective investment institution by investor;

the rest of the moneys shall be paid to the investor during a redemption of the securities of the collective investment institution;

the rest of the moneys shall be returned to the investor at its request of returning the rest – not later than three working days after the day of such request.

3. A redemption of securities of a collective investment institution, with exception of the case of liquidation of the said institution, shall be performed based on the estimated value of the security of the collective investment institution as of the day of crediting such securities to the account of the issuer. An application shall contain an indication of the number of securities of the collective investment institution, which are presented for redemption.

4. A prospectus of issue of securities of a collective investment institution may establish a markup (during sale of securities of a collective investment institution) and a discount (during redemption of securities of a collective investment institution) to the estimated value of the security of the collective investment institution, which shall be included into the assets of such an institution (during sale of securities of a collective investment institution) or remain within the assets of such institution (during redemption of securities of a collective investment institution). The said discounts may not be applied in the process of settlements with participants in case of liquidation of the collective investment institution. Maximum amount of markups (discounts) shall be set by the Commission.

Article 57. Applications for Acquisition and Redemption of Securities of a Collective Investment Institution

1. Applications for acquisition and redemption of securities of a collective investment institution shall be submitted to an asset management company or securities traders in accordance with the prospectus of issue of securities of the collective investment institution.

2. Until the day of receiving by an asset management company of the notice from the Commission on compliance of a unit fund with the requirements to the minimal asset volume of a collective investment institution, only application for acquisition of investment certificates of the unit fund shall be accepted.

Starting from the working day following the day of receiving by an asset management company of the notice from the Commission on compliance of the unit fund with the requirements to the minimal asset volume of a collective investment institution, applications for acquisition and redemption of investment certificates shall be submitted within the time limits set forth by the prospectus of issue of securities of a respective unit fund.

3. A prospectus of issue of securities of a collective investment institution may provide for an opportunity to conclude a contract and submit applications for acquisition and redemption of the securities of the collective investment institution with use of an electronic digital signature.

Article 58. Placement and Redemption of Placed Securities of a Collective Investment Institution

1. Placement and redemption of placed securities of a collective investment institution shall be performed by an asset management company directly and/ or via securities traders, with which the asset management company has concluded respective contracts.

2. A securities trader during placement of the securities of a collective investment institution shall act on behalf, at the expense and in the interests of a corporate fund or an asset management company of a unit fund. A securities trader, during sale of earlier bought out securities of a collective investment institution by the issuer, or during their redemption, shall act on its own behalf, at the expense and in the interests of a corporate fund or an asset management company of a unit fund.

3. The time period between payment by an investor of moneys in accordance to an application for purchasing of securities of a collective investment institution and the day of taking by the issuer of all actions necessary and sufficient for writing off (transferring) of the securities of a collective investment institution to the investor, as well as between writing off (transferring) securities of the collective investment institution to the issuer in accordance to an application for redemption and performing settlement in monetary form, may not exceed seven working days.

4. Placement and redemption of securities of a collective investment institution shall be performed at a price determined as of certain date, based on the estimated value of the security of the collective investment institution, with exception for the case envisaged by part 5 of article 55 of this Law.

5. Redemption of the investment certificates of a unit fund of an open-ended type shall be performed each and every working day starting from the day following the day of receiving a notice from the Commission on compliance of the unit fund with the requirements to the minimal asset volume of a collective investment institution.

Redemption of the shares of a corporate fund of an open-ended type shall be performed each and every workday starting from the day of registration of the Regulation of such fund by the Commission and entering it into the Register.

A redemption of the investment certificates of a unit fund of interval type shall be performed since the day following the day of receiving a notice from the Commission on compliance of the unit fund with the requirements to the minimal asset volume of a collective investment institution during the time period established by the prospectus of issue of securities of such collective investment institution. Redemption of shares of a corporate fund of interval type shall be performed during the time period envisaged by the prospectus of issue of securities of such collective investment institution, starting from the day of registration with the Commission of the Regulations

of the said fund and entering it into the Registry.

6. At a written request of a participant of a collective investment institution of closed-end type, an asset management company of such institution may perform a redemption of the securities of the collective investment institution prior to the moment of termination of such institution (an early redemption).

7. An asset management company of a collective investment institution of closed-end type may make a decision on early redemption of the securities of the collective investment institution provided the following conditions are met:

1) an opportunity of an early redemption at initiative of a participant of a collective investment institution is envisaged by the Regulations;

2) as a result of such redemption the asset value of the said collective investment institution shall not become lower than the minimal asset volume of a collective investment institution established by this Law.

In case if the above mentioned conditions are not met, an asset management company may not perform an early redemption of the securities of a collective investment institution.

8. An early redemption of the securities of a collective investment institution envisaged by paragraph 7 of this Article shall be exercised at the price determined based on the estimated value of the security of a collective investment institution as of the date of crediting the securities to the issuer's account. At that:

1) the time period between writing off (transferring) the securities of a collective investment institution to the issuer and performance of settlements in monetary form should not exceed 15 working days;

2) a discount may be applied, the amount of which is stated in the Regulations.

Article 59. A Stoppage of Placement and Redemption of the Securities of a Collective Investment Institution

1. Redemption of securities of a collective investment institution shall be stopped by an asset management company simultaneously with a stoppage of their placement.

A placement of securities of a collective investment institution of closed-end type shall be stopped within the time limits established by the securities issue prospectus of the collective investment institution.

2. Since the moment of making decision on liquidation, a corporate fund shall not be allowed to place its shares.

3. Placement and redemption of securities of a collective investment institution of open-ended or interval type shall be stopped by decision of an asset management company if it is required by the interests of the participants of the collective investment institution, according to the Regulations and

normative-legal acts of the Commission.

If placement and redemption of securities of a collective investment institution of open-ended or interval type are stopped, an asset management company shall be obliged, within one working day following the day of stoppage, inform about that the depository, with which an agreement on servicing the issue of securities of the collective investment institution has been concluded, and the Commission, with an indication of the reasons for such stoppage.

The Commission shall review circumstances and grounds for the stoppage of placement and redemption of securities of a collective investment institution of open or interval type during seven working days after the day of receiving a notice of stoppage of placement and redemption of securities of the collective investment institution. Based on the results of such consideration, the Commission may adopt a decision on groundlessness of such stoppage and compel an asset management company to resume placement and redemption of securities of the collective investment institution.

4. In the case of threat of substantial harm to the interests of the participants of a collective investment institution or the state, the Commission shall be entitled to make a decision on stoppage of placement and redemption of securities of the collective investment institution.

Article 60. Conversion of Securities of a Collective Investment Institution

1. Securities of one collective investment institution, upon application of their owner, may be converted into securities of another collective investment institution, the assets of which are managed by the same asset management company.

Conversion of securities of collective investment institutions of open-ended and interval types may be carried out solely in compliance with the requirements set forth by paragraph 5 of article 58 of this Law, as well as in case of liquidation of a collective investment institution.

Conversion of securities of a collective investment institution of closed-end type may be performed in case of liquidation of such collective investment institution, as well as during a mandatory redemption of securities in case of a prolongation of duration of a fixed-term collective investment institution.

Conversion of securities of a collective investment institution shall be performed at estimated value of such securities determined as of the date of filing an application for conversion. Applications for conversion may not be revoked.

2. The total value of the securities of a collective investment institution, which as a result of conversion are being acquired by an investor, may not be smaller than the total value of securities of the collective investment institution, which, as a result of conversion, are withdrawn from circulation. If necessary, an investor of the collective investment institution shall additionally pay the amount of difference between the total value of securities being acquired and the total value of securities withdrawn from circulation.

An asset management company shall be obliged to transfer moneys for securities of a collective

investment institution, being withdrawn from circulation, from the account of such collective investment institution, as well as transfer the amount of additional payment (if there is such) to the account of collective investment institution, whose securities are being acquired by an investor as a result of conversion, within three working days after the day of crediting the securities of the collective investment institution being withdrawn from circulation to the issuer's account.

3. Conversion of securities of venture collective investment institutions into securities of any collective investment institutions, as well as conversion of securities of collective investment institutions into securities of venture collective investment institutions, shall not be allowed.

4. The procedure for conversion of securities of a collective investment institution shall be established by the Commission.

Article 61. Circulation of Securities of a Collective Investment Institution

1. Securities of a collective investment institution of closed-end type shall be subject to free circulation on the securities market.

2. Securities of a collective investment institution of interval type shall be subject to free circulation on the securities market during the period between intervals.

Securities of a collective investment institution of interval type during an interval shall be subject to free circulation solely on stock exchanges.

3. Securities of a collective investment institution of open-ended type shall be subject to free circulation solely on stock exchanges.

4. Securities of a corporate fund shall not be subject to mandatory listing procedure.

Article 62. Accounting of Ownership Rights of Securities of Collective Investment institution

1. Accounting of Ownership Rights of Securities of Collective Investment institution shall be performed in accordance to the legislation on depository system.

Chapter VI

PARTIES WHICH PROVIDE SERVICING OF THE ACTIVITY OF A COLLECTIVE INVESTMENT INSTITUTION

Article 63. Asset Management Company

1. Asset management company is a business entity created under the laws in the form of joint stock company or a limited liability company that provides professional asset management of institutional investors on the basis of a license issued by the Commission.

An asset management company manages the assets of collective investment institution.

2. The statutory capital of the asset management company shall be at least 7 million of hryvnia.

The asset management company shall create a reserve fund in the amount determined by the

constituent documents, but not less than 25 percent of the statutory capital. Annual allocations to the reserve fund is determined by the constituent documents of the asset management company, but may not be less than 5 percent of net profit. Moneys of the reserve fund is used in the manner specified by the Commission.

3. The state share in the statutory capital of the asset management company may not exceed 10 percent.

4. Combining of asset management with other types of professional activity in the stock market is prohibited, except as provided by the legislation.

The asset management company may carry out activities for managing mortgage-backed.

An asset management company participates in the management of a legal entities, shares (portions, divis) of which are part of the assets of collective investment institution, with assets of which the company operates.

5. An asset management company may simultaneously manage the assets of several collective investment institutions.

6. In relations with third parties a management company of corporate fund's assets must act on behalf of and in the interests of the fund on the basis of contract on asset management.

In relations with third parties a management company of unit fund's assets shall act on its own behalf, in the interests of the fund and at its expense or in case of deficit of fund's moneys - at its own expense.

7. A management company of collective investment institution's assets informs the custodian of assets of collective investment institution about carrying out of operations on the write-off of moneys from accounts and alienation of other assets of the corporate fund, or management company of unit fund's assets, except for the assets, accounting of which provides the custodian of assets of a collective investment institution, within three working days from the day of holding the transaction.

Article 64. Limitation of Activities of the Asset Management Company

1. Activity of an asset management company may be limited in the cases envisaged by the legislation.

2. The asset management company in the process of implementation of collective investment institution's asset management shall have no right to:

1) acquire, property and securities of those species, which are not envisaged by the investment declaration of the collective investment institution, at the expense of assets of the collective investment institution;

2) carry out transactions with assets of collective investment institution, which it manages, at its own expense;

3) alienate assets of a collective investment institution for free;

9) conclude contracts for the purchase and sale with related parties of such a company, other than contracts with securities traders regarding placement and redemption of securities of the collective investment institution;

10) conclude loan contracts (interest and non-interest) with related parties of such a company;

11) sell securities of collective investment institution to custodian of assets of collective investment institution, the depositary, appraiser of property of collective investment institution and the auditor (audit firm) of such institution, as well as to bodies of state authorities and local governments;

12) alienate assets constituting assets of the relevant collective investment institution, to assets of the company;

13) conclude agreements on behalf of the collective investment institution, which by their nature may only be concluded on behalf of the asset management company; 14) conclude agreements on behalf of the collective investment institution, which by their nature may be concluded only by the collective investment institution;

15) alienate the property belonging to the company, to the assets of collective investment institution;

16) alienate property, constituting assets of the collective investment institution, in favor of other collective investment institution, which it manages, unless the transfer of moneys from the account of one collective investment institution to the account of another collective investment institution while conversion of securities of collective investment institution;

17) grant loans at the expense of assets of the collective investment institution;

3. Limitation of activities of the asset management company set forth in paragraphs 5, 7, 9, 10 and 12 of part 2 of this Article shall not apply to activities of the venture fund's asset management company.

Article 65. Remuneration of the Asset Management Company

1. Remuneration of the asset management company (except venture fund's asset management company) is determined as a percentage of the net asset value.

Remuneration of the venture fund's asset management company is determined as a percentage of net asset value and / or growth in net asset value.

2. The maximum amount of remuneration of the asset management company (including premium), the procedure of its calculation and payment shall be established by the Commission. Remuneration of the asset management company is paid in cash.

3. Regulation on the composition and amount of the costs associated with the implementation of the asset management company of its functions and which shall be reimbursed from the assets of collective investment institution shall be approved by the Commission.

Article 66. Licensing of the Asset Management Company

1. Activities on managing assets of the collective investment institution is carried out by the asset management company on the basis of a license issued by the Commission in accordance with the legislation, on the proposal of the relevant self-regulatory organization of professional stock market participants - Association of Stock Market Participants, who carry out on the stock market professional activities concerning management of assets of institutional investors.

2. Self-regulatory organization of professional stock market participants - Association of Stock Market Participants, who carry out professional activities on the stock market on the asset management of institutional investors, has the right to obtain reports, prepared in the manner prescribed by the Commission, with the purpose of their control, generalization and analysis.

3. The Commission has the right to take a decision to revoke the license of the asset management company on the grounds established by the legislation, as well as in the case of:

1) conducting by the asset management company of other activity than the activity of asset management of institutional investors, except in cases provided by the legislation;

2) repeated violation of requirements of this Law or the normative-legal acts of the Commission, that have harmed participants of collective investment institution, if the fact of its occurrence is established by the court;

3) absence of conducting the asset management activity for two years by the collective investment institution's asset management company.

4. Cancellation of license of the asset management company is the basis for elimination of the unit fund.

5. Cancellation of a license may be appealed by the asset management company in court.

Article 67. Responsibility of the Asset Management Company

1. The asset management company shall be liable for violation of the legislation, the Regulations, prospectus of issue of securities of collective investment institution, investment declaration, an agreement on management assets of the corporate fund.

2. Reasons for the use of the reserved fund of the asset management company are established by the normative-legal acts of the Commission.

3. The asset management company, which has exceeded its authority or has entered into an agreement not on behalf of the corporate fund, is responsible for the obligations arising from the implementation of such agreements, only by belonging to it by the right of ownership property, unless otherwise provided by the legislation.

4. In the event that the asset management company has been recognized as bankrupt, of the assets collective investment institution shall not be included in the liquidation mass of the asset management company.

Article 68. Custodian of Assets of the Collective Investment Institution

1. Assets of the collective investment institution in the form of securities serviced by depository system, shall be recorded on the securities account with the custodian. Rendering of services on storage of securities of the collective investment institution and registration of property rights of

them, as well as serving the operations of the collective investment institution shall be carried out in accordance with the legislation.

2. Custodian of assets of the collective investment institution with public placement is a bank licensed to carry out depositary activity of the custodian of securities, issued by the Commission in the prescribed manner. Conclusion of a contract with the custodian on servicing assets of the collective investment institution with private placement is not mandatory. In the event of concluding of such a contract by the corporate fund or asset management company of the unit fund with private placement, a legal person licensed to carry out depositary activity of the securities' custodian, issued by the Commission in the prescribed manner, may be the custodian of assets of such collective investment institution.

3. Custodian of assets of the collective investment institution may not be related parties of asset management company, the auditor (auditing firm), property appraiser of collective investment institution, the depositary.

4. Each collective investment institution must have only one custodian of assets of collective investment institution.

5. The Bank, which is the custodian of assets of the collective investment institution (other than venture capital fund) in the form of securities must have a credit rating not below investment grade, as defined by the authorized or recognized by the international rating agency in accordance to the National Rating Scale.

If the credit rating of the bank, which is the custodian of assets of the collective investment institution (other than venture capital fund) in the form of securities has fallen to speculative grade by the National Rating Scale or lost the power, the collective investment institutions (other than venture capital fund) within three months from the date of reduction of credit rating or loss of power shall be required to bring its activities into compliance with the requirements of legislation in the manner prescribed by the Commission.

Article 69. Activity of the Custodian of Assets of the Collective Investment Institution

1. Custodian of assets of the collective investment institution operates in accordance with the legislation, on the basis of the Statutes and contract on servicing by the custodian of assets of the collective investment institution, concluded with the corporate fund or unit fund's asset management company. While conclusion of such a contract, a copy of the Regulations is provided to the custodian of assets of the collective investment institution. Requirements for the contract on servicing of the collective investment institution shall be approved by the Commission.

2. Officials of the corporate fund and asset management company may not be officials of the custodian, with which the contract on servicing of the collective investment institution has been signed.

3. Custodian of assets of the collective investment institution may not use the assets of the collective investment institution for its own operations.

1. Custodian of assets of the collective investment institution operates in accordance with the legislation, on the basis of the Statutes and contract on servicing by the custodian of assets of the collective investment institution, concluded with the corporate fund or unit fund's asset management company. While conclusion of such a contract, a copy of the Regulations is provided to the custodian of assets of the collective investment institution. Requirements for the contract on

servicing of the collective investment institution shall be approved by the Commission.

2. Officials of the corporate fund and asset management company may not be officials of the custodian, with which the contract on servicing of the collective investment institution has been signed.

3. Custodian of assets of the collective investment institution may not use the assets of the collective investment institution for its own operations.

4. A custodian of assets of the collective investment institution is obliged to carry out servicing of the collective investment institution in compliance with the Regulations and prospectus of issue of securities of collective investment institution. With this purpose, the custodian of assets of the collective investment institution in the manner prescribed by the contract with the corporate fund or unit fund's asset management company, oversees the compliance of transactions with assets of the collective investment institution with the Regulations, the prospectus of issue of securities of the collective investment institution as well as to the legislation.

5. A custodian of assets of the collective investment institution shall inform the Supervisory Board of the corporate fund or unit fund's asset management company on any of the identified actions of the asset management company, which does not correspond to the prospectus of issue of securities of the collective investment institution or violate the Regulations, the law or the normative–legal acts of the Commission, in within three working days from the day of discovering the violation.

6. A custodian of assets of the collective investment institution shall inform the commission or the unit fund's asset management company on any of the identified actions of the asset management company, which does not correspond to the prospectus of issue of securities of the collective investment institution or violate the Regulations, the law or the normative–legal acts of the Commission. The custodian shall provide such information in within three working days from the day of discovering the violation.

In case of non-fulfilment of these requirements, the custodian of assets of the collective investment institution is responsible for losses, caused to the participants of the collective investment institution, in accordance with the contract and the law.

7. A custodian of assets of the collective investment institution is responsible for not submission, untimely submission or submission of false information to the Supervisory Board of the corporate fund, the unit fund's asset management company in accordance with the contract. A custodian of assets of the collective investment institution is responsible for not submission, untimely submission or submission of false information to the Commission in accordance with the law.

8. A custodian of assets of the collective investment institution has the right to call an extraordinary meeting of participants of corporate fund in cases stipulated by this Law.

9. A custodian of assets of the collective investment institution shall be liable for any failure or delay in performance of its duties and must compensate for losses caused to the collective investment institution and an asset management company as a result of non-fulfillment or delay in performance by the custodian of its duties, in accordance with the contract.

10. A custodian of assets of the collective investment institution shall perform its duties until the transmission of all documents to another custodian of assets of the collective investment

institution.

Article 70. Servicing of Moneys of a Collective Investment Institution

1. Moneys of the corporate fund shall be credited to its bank account.
2. Moneys of the unit fund shall be credited to a separate account of the asset management company in the bank separately from moneys of the asset management company and moneys of other unit funds.
3. The bank shall credit moneys contributed to the account of the corporate fund or the unit fund's asset management company, store them and transfer (return) as required by the legislation.

The Bank, which acts as a custodian of assets of the collective investment institution may carry out transactions on servicing of the current accounts of the collective investment institution and preservation of latter's assets in cash.

4. In the case of recognition of the bank, which acts as a custodian of assets of the collective investment institution, as bankrupt, the collective investment institution's assets are not included in the liquidation mass of the bank.

Article 71. Responsibility of a Custodian of Assets of a Collective Investment Institution

1. A custodian of assets of a collective investment institution shall be liable with its property for losses inflicted to a collective investment institution and / or asset management company by actions (or inaction) of the custodian of the collective investment institution, in accordance with the law.
2. A custodian of assets of a collective investment institution shall not be liable for the obligations of the collective investment institution, and the collective investment institution shall not be liable for the obligations of the custodian of assets of the collective investment institution. Responsibility of the custodian of assets of the collective investment institution for collective investment institution, which it serves, shall be determined by the conditions of the contract of servicing of the collective investment institution and this Law.

Article 72. An Appraiser of the Property of a Collective Investment Institution

1. The appraiser of the property of a collective investment institution is a business entity that evaluates real estate during its acquisition or disposition in accordance with the legislation on the assessment of property, property rights and professional valuation activities. The appraiser of the property of a collective investment institution may assess assets, other than immovable property, of a collective investment institution.
2. Remuneration to the appraiser of the property of a collective investment institution shall be paid from the assets of the collective investment institution in the manner prescribed by normative-legal acts of the Commission and in accordance with the agreement on the assessment of property of the collective investment institution.
3. The appraiser of the property of a collective investment institution conducts its evaluation in accordance with the contract concluded between the appraiser and the asset management company. Requirements for the contract to provide services to assess the value of real estate of the collective investment institution shall be approved by the Commission.
4. The following persons may not be the appraiser of the property of a collective investment institution:

- 1) the asset management company and its related parties;
- 2) the custodian of assets of a collective investment institution, an auditor (auditing firm) that serve a collective investment institution, and their related parties;
- 3) the corporate fund and its related parties.

Article 73. Audit of a Collective Investment Institution

1. In order to verify and confirm the correctness of the annual financial statements, the asset management company shall annually attracts an auditor (audit firm) for verification of compliance of the specified reporting with the results of its activities.

2. The auditor (auditing firm) may not be connected person of the asset management company

3. Audit results of activity of the asset management company with assets of the relevant collective investment institution shall be conducted in accordance with the requirements established by the Law of Ukraine "On Auditing."

4. Remuneration of the auditor (auditing firm) shall be paid from the assets of the collective investment institution in the manner prescribed by normative-legal acts of the Commission.

Article 74. Requirements to Contracts

1. The substantial terms of contracts with persons, which serve the collective investment institutions are:

- 1) full name and location of the parties;
- 2) The subject of the contract;
- 3) the rights and obligations of the parties;
- 4) warning about confidentiality;
- 5) the procedure for reporting and providing information in compliance with this Law;
- 6) liability of the parties for non-performance or improper performance of the contract;
- 7) duration of the contract;
- 8) amount of remuneration;
- 9) procedure of introducing changes to the contract;
- 10) conditions of the anticipatory repudiation.

2. In addition to the above mentioned essential conditions, contracts on servicing by the custodian of assets of the collective investment institution must contain the terms of the agreement on the opening of a securities account in accordance with the legislation on the depository system.

3. The contract may include upon the consent of the parties other conditions not contradicting to the legislation.

4. In the contract with the custodian of assets of the collective investment institution the persons designated by the custodian of assets, which will be responsible for performance of the contract, shall be specified, as well as statement of early termination of the contract in the cases of reducing the custodian's credit rating to the speculative grade in accordance with the National Rating Scale,

or the loss of its power, should be contained.

5. The contract may not restrict the duties of the custodian of assets of the collective investment institution established by this Law and the legislation on the depository system.

6. Additional requirements for contracts with persons, which provide service for collective investment institution shall be established by the Commission.

Chapter VII

DISCLOSURE OF INFORMATION ABOUT THE ACTIVITIES OF A COLLECTIVE INVESTMENT INSTITUTION

Article 75. Procedures for disclosure of information on a collective investment institution

1. Information on collective investment institutions shall be disposed in accordance with the legislation by way of:

1) placement in the Commission's public information database on the securities market (in the case of public placement of securities of the collective investment institution);

2) placement on the own website of the asset management company (in the case of public placement of securities of the collective investment institution);

3) providing of information directly to participants of the collective investment institution (in the case of private placement of securities of the collective investment institution);

4) providing information to the Commission;

5) presentation of information to a self-regulatory organization of professional stock market participants - Association of Stock Market Participants, who carry out professional activities on the stock market for the asset management of institutional investors.

Terms, procedures and form of disclosure of information on the collective investment institution shall be established by the Commission.

2. The annual report on the activities of a collective investment institution shall be submitted to the Commission by the asset management company not later than 1 April of the year following the reporting year, in the manner prescribed by the Commission. The annual report shall contain the following information:

1) the calculation of the net asset value of the collective investment institution;

2) the balance sheet and income statement of the collective investment institution.

3. An annual report on the activities of a collective investment institution with the public placement of securities of the collective investment institution shall be disclosed not later than 1 April of the year following the reporting period, in the manner prescribed by the Commission.

An asset management company provides an annual report to the participants of the collective investment institution with private placement of securities of collective investment institution

concerning activities of such an institution in the manner prescribed by institution's Regulations.

4. Information, which is mandatory for disclosure in accordance with this Law, is not confidential. Disclosure of information under this Article shall be carried out by an asset management company at the expense of assets of the collective investment institution.

5. An asset management company and securities trader, which provides services for placement and redemption of securities of collective investment institution, must ensure free access of participants of collective investment institution to information contained in the prospectus of issue of securities of the collective investment institution, the Regulations and changes to them.

Article 76. The Website of the Asset Management Company

1. Information, that shall be made public in accordance with the legislation requirements of internal documents of the asset management company, the prospectus of issue of securities of the collective investment institution and its Regulations, is placed on the website of the asset management company.

2. The asset management company that manages the assets of collective investment institution, shall provide disclosure of such information on its website:

1) information about the license for asset management with an indication of the series and the license number, date of its issuance;

2) contact information (address, phone, fax, email address);

3) a list of collective investment institutions, assets of which are managed by the asset management company;

4) information on the net asset value of collective investment institution, prices of placement and redemption of securities of collective investment institution, assets of which are managed by the asset management company:

daily - for the collective investment institution of open type;

every day during the interval - for the collective investment institution of interval type.

3. The asset management company, which manages the assets of the corporate fund, is required to provide disclosure of information envisaged by part two of this Article, as well as the content of such documents, on its own website:

1) Statute of Corporate Fund, amendments to the Statute of corporate fund (in the case of a public placement of securities of corporate fund);

2) a certificate of state registration of the corporate fund;

3) Regulations, changes to Regulations (in the case of a public placement of securities of corporate fund);

4) The certificate of entering of the corporate fund into the Register;

5) The findings of the auditor (auditing firm) of corporate fund (in the case of a public placement of securities of corporate fund);

6) the calculation of the net asset value of corporate fund (in the case of a public placement of securities of corporate fund);

7) the prospectus of issue of securities, changes in the prospectus of issue of securities (in the case of a public placement of securities of corporate fund);

8) a certificate of state registration of securities of corporate fund;

9) a list of persons, who provide services to the corporate fund;

10) certificate of registration of the corporate fund in the State Register of Financial Institutions.

4. An asset management company, which manages the assets of the unit fund is required to provide disclosure information provided by part two of this article, as well as the content of such documents, on its own Web site:

1) Regulations, changes in Regulations (in the case of a public placement of securities of collective investment institution);

2) The certificate of registration of unit fund by the Register;

3) The findings of the auditor (auditing firm) of unit fund (in the case of public placement of securities of unit fund);

4) The calculation of the net asset value of unit fund (in the case of public placement of securities of the unit fund);

5) the prospectus of issue of securities, changes in the prospectus of securities (in the case of public placement of securities of unit fund);

6) certificate of state registration of issue of securities of the unit fund;

7) a list of persons which provide services to the unit fund.

Article 77. Advertisement of Collective Investment Institution

1. Advertising of collective investment institution and its securities is regulated by the Law of Ukraine "On Advertising" taking into account the norms of this Law and the Law of Ukraine "On State Regulation of Securities Market in Ukraine".

Article 78. Subjects of Regulation of Collective Investment Activity

1. The state and the self-regulatory organization of professional stock market participants - Association of Stock Market Participants, who carry out professional activities on the stock market for the asset management of institutional investors carry out the regulation of collective investment.

2. State regulation in the sphere of collective investment is performed by the Commission.

Chapter IX

CLOSING AND TRANSITIONAL PROVISIONS

1. This Law shall enter into force on 1 January 2014, except point 8 of the fifth part, point 9 of the eighth part, point 12 of the eleventh part, point 8 of the fourteenth part and point 9 of the nineteenth part of Article 48, which come into force from January 1, 2015 and sub-points 3 and 4 of point 3 of this chapter, which shall enter into force on the day following the day of publication of

this Law.

2. To declare invalid the Law of Ukraine "On Collective Investment Institutions (Unit and Corporate Investment Funds)" (Bulletin of the Verkhovna Rada of Ukraine, 2001, 21, p. 103; 2005., 48, p. 480; 2006., number 13, p. 110; 2009, 16, p. 218; 2010, 38, p. 505, 2012, 7, p. 53; as amended by the Law of Ukraine from May 24, 2012 4854-VI).

3. To amend the following legislative acts of Ukraine:

1) the second sentence of the second part of Article 163 of the Commercial Code of Ukraine (Bulletin of the Verkhovna Rada of Ukraine, 2003., 18-22, p. 144), after the word "shares" shall be added by the words "shares of corporate investment fund";

2) the fourth part of Article 152 of the Civil Code of Ukraine (Bulletin of the Verkhovna Rada of Ukraine, 2003., 40-44, p. 356) shall be added by the second paragraph to read:

"Procedures of creation, operation and termination of corporate investment funds are regulated by the legislation on collective investment institutions";

3) The second paragraph of the first part of Article 5 of the Law of Ukraine "On Investment Activity" (Bulletin of the Verkhovna Rada of Ukraine, 1991, 47, p. 646; 1992, 10, p. 138; 2010, 34, p. 486), after the words "pension funds", shall be added by the words "collective investment institutions";

4) in Article 14 of the Law of Ukraine "On Banks and Banking Activity" (Bulletin of the Verkhovna Rada of Ukraine, 2001, 5-6, art. 30, 2011, 36, p. 362):

in the fourth part the words "collective investment institutions" shall be deleted;

complement by the fifth part as follows:

"Institutions of collective investment may not be bank's founders or owners of the bank's significant interest in the bank";

5) in the Law of Ukraine "On securities and stock market" (Bulletin of the Verkhovna Rada of Ukraine, 2006., 31, p. 268 with subsequent changes):

In Article 3:

The second part after the fourth paragraph shall be added by the new paragraph as follows:

"The shares of corporate investment fund".

In this connection, respectively, the fifth - thirteenth paragraphs shall be considered as the sixth - fourteenth paragraphs;

in paragraph 1 of the fifth part:

in the first sentence of the first paragraph the words "in the management of the issuer (other than certificates background)" shall be replaced by the words "in the management of the issuer (other than investment certificates and certificates background)";

add sub-paragraph "g" as follows:

"g) shares of corporate investment fund";

in the first paragraph of the first part of Article 6, the words "and the legislation on collective

investment institutions" shall be deleted;

supplemented by Articles 5² and 6¹ as follows:

The procedure for notifying of owners of securities on conducting of securities' conversion, the procedure for notifying of the issuer by the securities' holders about their agreement (or disagreement) with the decision on carrying out the conversion and the period in which the securities are to be repurchased, shall be envisaged by the decision of the relevant issuer's body on holding the conversion.

Redemption of securities from owners who disagree with the decision to hold the conversion is carried at market value, but not less than the nominal value of such securities.

The market value is determined by ways:

at the exchange rate - for the securities included in the exchange list of the stock exchange;

at the value determined by an independent appraiser in accordance with the legislation on property valuation, property rights and professional valuation activities - for securities not included in its listing of the stock exchange.

4. After the settlements with the owners of the securities, registration of securities, which are converted, subject to cancellation in the manner prescribed by the National Commission on Securities and Stock Market.

The procedure of conversion is set by the National Commission on Securities and Stock Market.

5. The specifics of conversion of securities of collective investment institution shall be established by the legislation on collective investment institutions";

3. The period of placement of shares of open-ended and interval corporate investment funds is not limited.

4. The shares of corporate investment fund may provide to its owner the right to receive income in the form of dividends, except for an open-ended interval and corporate investment funds.

5. Specifics of issue, circulation, accounting and repayment of corporate investment fund shares are determined by the legislation on collective investment institutions";

6) Article 1 of the Law of Ukraine "On Joint Stock Companies" (Bulletin of the Verkhovna Rada of Ukraine, 2008, 50-51, p. 384, as amended by the Law of Ukraine of March 13, 2012 4498-VI) shall be added by the fifth part with following content :

"5. This Law shall not apply to joint-stock companies, which are created, act and be terminated in accordance with the legislation on collective investment institutions"

4. Asset management companies, collective investment institutions, custodians are required to bring their activities into compliance with this Law within one year from the date of enactment of this Law.

5. Asset management companies of unit funds of open-ended and interval type, corporate investment funds of open-ended and interval type have the right to change the form of a collective investment institution with diversified to a specialized one for a period of one year from the date of entry of this Law into force in the manner prescribed by the National Commission for Securities and

Stock Market. Registration of changes in the prospectus of issue of securities, the Regulations of collective investment institution, associated with a change of the form of such collective investment institution with diversified to a specialized one, is carried out by a decision of the National Commission on Securities and Stock Market.

6. Requirements of the second part of Article 4 of this Law shall not apply to physical persons, who have acquired the ownership of securities of venture funds pending the entry into force of this Act.

7. The requirements of the first part of Article 51 of this Law shall not apply to investment certificates to bearer, the issue prospectus of which was registered before the entry into force of this Law.

8. The requirements of paragraph 4 of the second part of Article 64 of this Law shall not apply to the volume of loans (credits) and the timing of their return, if such loans (loans) were involved in the assets of venture funds pending the entry into force of this Law.

9. Contracts for the purchase and sale of securities of collective investment institution, which were concluded before the entry into force of this Law and the terms of which provide for payment of such securities by installments, performed on the conditions specified therein. From the date of entry into force of this Law it shall be prohibited to extend the validity of such agreements and / or make changes to them regarding the timing of payment for the securities of collective investment institutions.

10. Asset management company, which manages assets of unit funds, investment certificates of which exist in paper form shall, within two years from the date of entry into force of this Law, ensure transfer of investment certificates in non-documentary form.

Until the completion of the such transfer, the register of holders of investment certificates is carried out by the registrar under contract with the asset management company of a unit investment fund in accordance with the legislation on the depository system.

10. Asset management company, which manages assets of unit funds, investment certificates of which exist in paper form shall, within two years from the date of entry into force of this Law, ensure transfer of investment certificates in non-documentary form.

Until the completion of such transfer, the register of holders of investment certificates is being kept by the registrar under contract with the asset management company of a unit investment fund in accordance with the legislation on the depository system.

If the number of participants of the unit investment fund does not exceed 500 person, keeping the register of holders of investment certificates until completion of the transfer of investment certificates in non-documentary form may be performed by an asset management company of such fund without receiving of the appropriate license issued by the National Commission on Securities and Stock Market.

Until the completion of the transfer of securities of collective investment institution in non-documentary form the registrar is considered as connected person of collective investment institution.

11. Corporate investment funds are exempt from paying the registration fee at the registration of changes to the statute of the fund, which shall be made in order to bring it into conformity with this Law.

12. Collective investment institution shall be exempt from paying the registration fee at the registration of changes to the Regulations of the collective investment institution which are being made in order to bring it into conformity with this Law.

13. Creation of collective investment institutions (investment funds and investment companies) in accordance with the Presidential Decree of February 19, 1994 55/94 "On Investment Funds and Investment Companies" shall be prohibited.

14. Closed-end investment funds and closed-end unit funds, which have been established in accordance with the legislation prior to the entry into force of the Law of Ukraine "On Collective Investment Institutions (Unit and Corporate Investment Funds)" (Bulletin of the Verkhovna Rada of Ukraine, 2001., 21, Art. 103), shall operate in accordance with the Regulation on investment funds and investment companies, approved by Presidential Decree on February 19, 1994 55/94 "On Investment Funds and Investment companies", during the period for which they were created.

15. The National Commission on Securities and Stock Market within one year from the date of publication of this Law shall provide bringing of its normative-legal acts into conformity with this Law.

President of Ukraine Victor Yanukovich

c. Kyiv

July 5, 2012

5080-VI