

SECURITIES AND STOCK MARKET STATE COMMISSION

RESOLUTION

104 dated 03.18.2002 Registered at the Ministry of Justice of Ukraine on
Kyiv April 24, 2002, # 392/6680

On Approval of the Regulation on the Procedure of Net Assets Valuation of Investment Funds and Mutual Funds of Investment Companies

Based on the Decree of the President of Ukraine "On Investment Funds and Investment Companies" (55/94) and the Law of Ukraine "On Accounting and Financial Statements in Ukraine" (996-14), the Securities and Stock Market State Commission has hereby R E S O L V E D:

1. To approve Regulation on the Procedure for net assets valuation of investment funds and mutual funds of investment companies as attached.
2. To deem invalidated Resolution 30/1 of the Securities and Stock Market State Commission dated 7/10/97 (v0030312-97) "On Approval of the Regulation on the Procedure for Valuation of Net Assets of Investment Funds and Mutual Funds" (with alterations and amendments) and Resolution 179 of the Securities and Stock Market State Commission dated 8/12/98 (z0842-98) "On Approval of the Regulation on the Procedure of Filing Additional Quarterly and Annual Reports of Investment Companies" registered with the Ministry of Justice of Ukraine on 30/12/98 (# 842/3282).
3. The securities market participants reporting directorate (O. Velichko), in cooperation with the Legal directorate (L. Volokhov) shall ensure the state registration of this Resolution at the Ministry of Justice of Ukraine.
4. To instruct the SSMSC organizational support directory (N. Piskun) to publish the Resolution in accordance with requirements of the effective legislation.
5. Control over implementation of this resolution shall be the responsibility of Commissioner M. Volkov.

O. Mozhoviy, SSMSC Chairman

Minutes of SSMSC Meeting #7 on 3/18/02

APPROVED
by SSMSC Resolution 104 dated 3/18/02

Registered
with the Ministry of Justice of Ukraine
on 4/24/02, registration # 392/6680

REGULATION
On Approval of the Regulation on the Procedure of Net Assets
Valuation of Investment Funds and Mutual Funds of Investment
Companies

This Regulation has been developed in accordance with the laws of Ukraine "On Collective Investment Institutions (Mutual Funds and Corporate Investment Funds" (2299-14), "On the National Depository System and Electronic Circulation of Securities in Ukraine" (710/97-VR), "On Accounting and Financial Reporting in Ukraine" (996-14), and with the Regulation on investment companies and investment companies approved by Decree 55/94 of the President of Ukraine on 2/19/94 (55/94).

This Regulation hereby establishes:

- the list of assets and liabilities of investment funds and of mutual funds of investment companies to be used in calculation of net assets;
- the method of investment fund and mutual fund of an investment company net assets valuation to determine the price of investment certificates placement and redemption and the amount of compensation for investment managers;
- the rules of generating information on the net assets value of investment funds and mutual funds of investment companies;
- the procedure and terms of filing reports on the value of net assets of investment funds and mutual funds of investment companies with the Securities and Stock Market State Commission.

1. General provisions

This Regulation makes use of the following concepts:

an investment fund, a mutual fund of investment companies (hereinafter – mutual fund) in accordance with clause 1, section 1 and clause 20, section 2 of the Regulation on investment companies and investment companies approved by Decree 55/94 of the President of Ukraine on 2/19/94 (55/94);

assets, liabilities, financial investments - in accordance with clause 4 of Accounting Regulation (Standard) 2 ("Balance Sheet") approved by Order 87 of the Finance Ministry of Ukraine on 3/31/99 (z0396-99) and registered with the Justice Ministry of Ukraine (#396/3689) on 6/21/99;

active market - in accordance with clause 4 of Accounting Regulation (Standard) 8 "Intangible Assets" approved by Order 242 of the Finance Ministry of Ukraine on 10/18/99 (z0750-99) and registered with the Justice Ministry of Ukraine (#750/4043) on 2/11/99;

market value of financial investments - in accordance with clause 3 of Accounting Regulation (Standard) 12 "Financial Investments" approved by Order 91 of the Finance Ministry of Ukraine on 4/26/00 (z0284-00) and registered with the Justice Ministry of Ukraine (#284/4505) on 5/17/00;

net assets of an investment fund - the value determined as difference between the asset size (at their market value) and the liabilities of the fund according to section 1 of clause 2 of the Regulation on investment companies and investment companies approved by Decree 55/94 of the President of Ukraine on 2/19/94 (55/94);

reporting period - one quarter (in this Regulation);

number of shares and investment certificates (of an investment fund) and investment certificates (of a mutual fund) in circulation - the number of investment certificates and shares owned by physical and legal entities as shareholders and participants of investment or mutual funds at the time of net assets valuation.

evaluated assets - the value of assets at balance or market value to be taken into account in calculating net assets value.

2. Assets and liabilities of an investment fund or of a mutual fund of an investment company

2.1. A list of assets of an investment fund or of a mutual fund of an investment company subject to valuation when calculating the net assets value as indicated in section 1 of the information on the net assets value of an investment fund or of a mutual fund of investment companies (Appendix 1).

2.2. Resident and nonresident securities that circulate on regulated markets and meet the listing requirements of a corresponding market are evaluated at the market value

determined on the basis of the latest official quotation of the reporting period at a regulated market.

- 2.3. Trade volumes of evaluated securities for the reporting period (of the quarter preceding the valuation date) are to equal at least 1% of the total issue of such securities (by each type of securities issued by a specific issuer) or at least UAH 10,000 (at least 5% of the general issue or UAH 100,000 for domestic government bonds).
- 2.4. The market value of securities owned by a fund and circulating on more than one regulated market is to be determined in valuation at the lowest of the latest quotations at each of the markets in accordance with the procedure specified in clauses 2 and 3 of this section.
- 2.5. The list of assets shall not include the value of issuers' securities whose registration was cancelled (annulled) by SSMSC or by court.
- 2.6. Securities that do not circulate in a regulated market are determined at their book value as of the valuation date.
- 2.7. The list of liabilities of an investment fund or a mutual fund of an investment company to be valued in net assets valuation as defined in section 2 of the information on the net assets value assessment of an investment fund or a mutual fund of investment companies (Appendix 1).

3. Net assets valuation

- 3.1. Regular valuation of net assets of investment funds or mutual funds of investment companies shall be done jointly by an investment manager and the depositary (custodian) on a quarterly basis, as of day one of the month following the reporting period.
Results of a regular net assets valuation shall be included in the net assets valuation information (Appendix 1).
- 3.2. Systematic valuation shall be ensured by the investment manager independently with the following periodicity: at least once a month for a closed-end fund, whereas for an open-end fund this is based on the investment certificates redemption term as established by the investment declaration.
- 3.3. The investment manager shall inform the shareholders and participants of investment funds and mutual funds of investment companies on any change in the periodicity of net assets valuation.
- 3.4. If the fund net assets value per one share and per one investment certificate of an investment fund and per one investment certificate for a mutual fund in an investment company drops to 90% of the nominal value of one share or one investment certificate for an investment company and of

- one investment certificate for a mutual fund in an investment company in circulation, the depository (custodian) of such a fund shall inform the Securities Commission of the fact and call an extraordinary general shareholders meeting of founders (participants) of the investment fund (investment company).
- 3.5. Net assets value of an investment fund of a mutual fund of an investment company shall be determined as the difference between the size of assets (at their market value) and the fund liabilities.
 - 3.6. Net assets value shall be calculated for:
a mutual fund as per one investment certificate in circulation;
an investment fund as per one share and per one investment certificate in circulation.
 - 3.7. Investment certificates of an open-end mutual fund of an investment company shall be offer for placement and redemption at a price equal to the net assets value per one investment certificate.
 - 3.8. Investment certificates of an open-end investment fund shall be offer for placement and redemption at a price equal to the net assets value per one share and one investment certificate in circulation within the terms specified in the investment declaration.

4. List of forms and the method of generating reports on the valuation of net assets of investment funds and mutual funds of investment companies

4.1. Net assets valuation reports shall be generated in hard and soft copies. Hard-copy reports shall be formed as a printed copy of soft-copy reports and shall be bounded, signed by the head of the investment manager, the head of the investment fund and/or the head of the mutual fund. Authenticity of the hard-copy and soft-copy information shall be confirmed by a cover letter signed by the investment manager and sealed with a stamp of the investment manager.

4.2. The list of net assets valuation reporting forms shall include the following documents:

4.2.1. Information on the net assets valuation (Appendix 1).

When doing a regular assessment of net assets, the information on the net assets valuation (Appendix 1) shall be compiled as of the first day of the month following the reporting period, be signed by the head of the investment manager, by the head of the depository (custodian) and/or head of the investment company, and sealed with the stamp of the investment manager, the stamp of the depository (custodian) and/or the stamp of the investment company.

When doing a regular assessment of net assets, the information on the net assets valuation shall be signed the head of the investment manager and/or the head of the investment company, and sealed with the stamp of the investment manager and/or the stamp of the investment company.

4.2.2. Information on the fund's financial investments by each issuer (Appendix 2).

Information on financial investments (Appendix 2) shall be compiled as of the first day of the month following the reporting period, be signed by the head of the investment manager, by the head of the depositary (custodian) and/or head of the investment company, and sealed with the stamp of the investment manager, the stamp of the depositary (custodian) and/or the stamp of the investment company.

4.2.3. The fund's balance sheet report (Form 1).

4.2.4. The fund's income statement (Form 2).

4.2.5. Basic information on the investment fund (Appendix 3) and basic information on the investment company (Appendix 4).

Balance sheet report (Form 1) and income statement (Form 2) shall be signed by the fund manager and the fund's chief accountant, and confirmed by the signature of the head of the investment manager and/or of the head of the investment company.

Basic information about the investment fund and the investment company (Appendices 3&4) shall be compiled as of the first day of the month following the end of the reporting period, be signed by the head of the investment manager and/or by the head of the , and sealed with the stamp of the investment manager and/or the stamp of the investment company.

4.2.6. Electronic fond-1.mbd file in the ACCESS-97 format.

4.3. Within a month of the end of the reporting quarter, investment managers of each of the investment funds under their management (including each mutual fund as a separate entity) shall file with SSMSC the reporting forms specified in section 4 of this Regulation.

The Q4 report (the annual report) shall include the list of documents specified in sub-items 4.2.1-4.2.6 of clause 4.2 and the auditor's opinion, and shall be filed with SSMSC by 1 March of the year following the reporting year.

Reports on the operations of investment funds or mutual funds of investment companies shall be deemed to have been filed with SSMSC as of the receipt date in the volume, by the method and within the timeline established by this Regulation.

The information specified in sub-items 4.2.1-4.2.6 of clause 4.2 shall be published in the press in accordance with the requirements of section 26 of the Regulation on investment funds and investment companies (55/94).

The investment manager shall notify SSMSC of the publication by a stamped and signed letter and attach Xerox copies of the publications by the following dates:

those for the first six months of the reporting year - by 10 September at the latest;

those for the last six months of the reporting year – no later than by 10 March of the year that follows the reporting year.

IN the event of a change in the data specified in Appendices 3&4 and/or in the event of opening branches (representative offices), the investment fund (investment company) shall file with SSMSC and its regional offices the information of such events, including the following data:

- the name of the investment fund (investment company);
- YEDRPOU tax payer's identification code;
- a list of the changes that have occurred.

In case of a liquidation and/or reorganization of the investment company or the mutual fund of an investment company (its branch or representative office), the investment fund (investment company) shall file with SSMSC and its respective regional office the information about the liquidation and/or reorganization within three days of the date of approving the liquidation and/or reorganization decision.

After the approval of the decision to liquidate an investment fund or a mutual fund of an investment company, this Regulation no longer applies to such funds.

5. State control

Securities and Stock Market State Commission (SSMSC) shall exercise state control over timely, complete and correct valuation of net assets and filing of reports specified in this Regulation.

Investment managers (including investment companies) and depositaries (custodians) of investment funds (mutual funds of investment companies) shall be accountable for failure to file, for late filing or for knowingly filing unreliable information with SSMSC.

SIGNED:

O. Velichko

Head of SSMSC Directory for Securities Market Participants Reporting

Appendix 1
to the Regulation
on the Procedure of Net Assets Valuation
of Investment Funds and Mutual Funds
of Investment Companies

Information on the value of net assets
as of "____" _____ 200__
YEDRPOU Code _____

(name of the fund)

1. Calculation of Net Assets Value

in UAH thousand

Items	Line code	At the end of the reporting period	
		book value	evaluated assets
1	2	3	4
Fund's assets			
I. Non-current assets			
Intangible assets:			
residual value	010		
Unfinished construction	020		
Fixed assets:			
residual value	030		
Long-term financial investments:			
those accounted by the method of a stake in other companies' equity	040		
other financial investments	045		
Long-term receivables	050		
Deferred tax assets	060		
Other non-current assets	070		
II. Current asserts			
Inventory:			
operational inventory	100		
Notes received	150		
Accounts receivable for goods, works, services:			
net selling price	160		
Accounts receivable on settlements:	170		
with the budget			
on advances paid	180		
from imputed income	190		
from internal settlements	200		
Other current accounts receivable	210		
Current financial investments	220		
Cash and cash equivalents:			
in local currency	230		

in foreign currency	240		
Other current assets	250		
III. Deferred cost	270		
1. Total assets of the fund	X		
Fund's liabilities			
I. Future expense provisions and targeted funding			
Labor cost provision	400		
Other provisions	410		
II. Long-term liabilities			
Long-term bank loans	440		
Other long-term financial liabilities	450		
Deferred tax	460		
III. Current liabilities			
Deferred tax liabilities	500		
Current debt for long-term liabilities	510		
Accounts payable for goods, works, services	530		
Current liabilities on settlements:			
of advances received	540		
insurance	550		
with the budget	570		
salaries and compensations	580		
with participants	590		
Other current liabilities	610		
2. Fund's total liabilities	X		
3. Total nominal value of outstanding investment certificates	X		
4. Net assets value [1-(2-3)]	X		
For the mutual fund of the investment company	X		
5. The number of investment certificates in circulation as of the valuation date (in units)	X		
6. Net assets value per one outstanding investment certificate (4:5)	x		
7. The number of outstanding shares and investment certificates as of the valuation date (in units)	x		
8. The number of investment certificates:			
placed among legal entities	x		
placed among natural persons	x		
9. Net assets value per one share and per one investment certificate in circulation (4:7)			

Signature of the investment manager

Signature of the head of
depository (custodian)

Stamp

Appendix 2
to the Regulation
on the Procedure of Net Assets Valuation
of Investment Funds and Mutual Funds
of Investment Companies

Information on financial investments
as of "____" _____ 200__
YEDRPOU Code _____

(name of the fund)

##	YEDRPOU code	Issuer's name	Type of securities	Amount of certificates (pcs)	Total estimated valued (in UAH '000)	Nominal value, in UAH '000	Book value, in UAH '000
Total							

Signature of the investment manager

Signature of the head of
depository (custodian)

Stamp

**Appendix 3
to the Regulation
on the Procedure of Net Assets Valuation
of Investment Funds and Mutual Funds
of Investment Companies**

Basic information on the investment fund

1	Full name of the investment fund	
2	YEDRPOU code	
3	Type of the investment fund	
4	Period of operations (for closed-end funds in D/M/Y format)	
5	Location of: the fund its branches (each separately) representative offices (each separately)	
6	Type of mutual funds (each separately)	
7	The period of operations (for closed-end funds in in D/M/Y format, for each fund separately)	
8	Investment fund depositary name, YEDRPOU code, location, phone number, and license number	
9	The fund's custodian name, YEDRPOU code, location, phone number, and license number	
10	Name, YEDRPOU code, location, phone number, number and issue date of auditor's certificate granted by the Auditors' Chamber of Ukraine (for legal entities); full name, place of residence, phone number, serial number and the issue date of the auditor certificate (for physical persons)	
11	The fund registrar's name, YEDRPOU code, location, phone number, and license number	
12	Statutory capital (in UAH)	
13	Nominal value of one investment certificate (in UAH)	
14	Volume of the investment certificates issue (in UAH)	

Signature of the investment manager _____

Stamp

Date

**Appendix 4
to the Regulation
on the Procedure of Net Assets Valuation
of Investment Funds and Mutual Funds
of Investment Companies**

Basic information on the investment company

1	Full name of the investment company	
2	YEDRPOU code	
3	Investment company location	
4	Investment company phone, fax number and email address	
5	Name of mutual funds (each fund separately)	
6	Type of mutual funds (each separately)	
7	Period of operations (for each closed-end fund in D/M/Y format)	
8	Location of mutual fund (each fund separately)	
9	Phone, fax, e-mail of: - mutual fund - branches (each separately) - representative offices (each separately)	
10	Mutual fund depository name, YEDRPOU code, location, phone number, and license number (for each fund separately)	
11	Mutual fund custodian name, YEDRPOU code, location, phone number, and license number (each fund separately)	
12	Name, YEDRPOU code, location, phone number, number and issue date of auditor's certificate granted by the Auditors' Chamber of Ukraine (for legal entities); full name, place of residence< phone number, serial number and the issue date of the auditor certificate (for physical persons)	
13	Mutual fund registrar's name, YEDRPOU code, location, phone number, and license number	

Signature of the investment manager director _____

Stamp

Date

(Corrections have been entered in accordance with the additional information of The Official Bulletin 19, 2002)