

Pursuant to Article 20, paragraph 7 of the Law on Voluntary Pension Funds and Pension Schemes ("RS Official Gazette", no. 85/2005), the Governor of the National Bank of Serbia hereby issues the following

D E C I S I O N
ON THE MANNER AND CONDITIONS OF MERGER OF VOLUNTARY
PENSION FUNDS

1. This decision regulates in further detail the manner and conditions of merger of voluntary pension funds (hereinafter: fund) in the event of merger by acquisition of fund management companies (hereinafter: company).

2. Along with the application for the issuance of a license for merger by acquisition of companies (hereinafter: application), in addition to the documents referred to in Article 20, paragraph 5 of the Law on Voluntary Pension Funds and Pension Schemes (hereinafter: Law), the acquiring company that intends to merge the fund of the company being merged with its fund shall be required to submit the following to the National Bank of Serbia:

1) analysis of economic viability of merger of these funds, compiled based on financial and other statements of such funds that are submitted to the National Bank of Serbia, and that refer to the period immediately preceding the date of submission of the application;

2) analysis of consequences that the merger of these funds would have on the companies' competitiveness;

3) draft notice to all members of the fund being merged of their right to transfer their account to another fund if they do not wish to be members of the acquiring company's fund – within 60 days from the day of receiving the notice, with the costs of such transfer to be borne by the acquiring company.

3. With a view to assessing the viability of the merger of funds, the National Bank of Serbia can, within 15 days from the day of receiving a regular application, request that the acquiring company submit additional data and documents, which it shall be required to submit within the following 15 days.

4. The National Bank of Serbia shall decide on the application within 30 days following the day of receipt of a regular application, or the day of receipt of data and documents referred to in Section 3 hereof.

The National Bank of Serbia shall decide on the application by means of a decision, whereby it shall at the same time decide on the merger of funds.

5. The acquiring company shall be required to submit the registration form within 15 days following the day of receipt of the decision on the

issuance of the license referred to in Section 2 hereof, subject to the law governing the registration of business entities.

Within seven days from the day of receipt of the decision on the entry of change in the register of business entities, the acquiring company shall be required to submit to the National Bank of Serbia a certificate of entry in this register, after which the National Bank of Serbia shall remove the merged fund from the Register of Voluntary Pension Funds.

The acquiring company can manage the merged fund only after the entry of the change referred to in paragraph 2 hereof.

6. As of the day of entry of the change referred to in Section 5, paragraph 2 hereof (hereinafter: date of merger):

- 1) the assets of the fund being merged shall be transferred to the acquiring company's fund;
- 2) members of the fund being merged shall become members of the acquiring company's fund;
- 3) individual accounts of members of the fund being merged shall be transferred to the acquiring company's fund.

The number of investment units on the individual account of a member of the merged fund in the fund of the acquiring company shall be calculated by multiplying the number of investment units in the individual account of that member in the merged fund with the value of the investment unit of the merged fund on the date preceding the date of acquisition, and by dividing this amount by the value of the investment unit of the acquiring company's fund on the same date.

7. The acquiring company shall be required to deliver the notice referred to in Section 2, indent 3 hereof to all members of the merged fund within eight days following the day of receipt of the decision referred to in Section 5, paragraph 2 thereof.

8. After the merger of funds, the acquiring company shall be required to issue an amended fund prospectus and to submit it to the National Bank of Serbia for approval within eight days following the day of receipt of the decision referred to in Section 5, paragraph 2 hereof.

The acquiring company shall be required to publicly publish an abbreviated fund prospectus within 15 days following the day of obtaining the approval referred to in paragraph 1 hereof, in conformity with the Law.

9. This decision shall enter into force on the day following the day of its publication in the "RS Official Gazette", and shall be applied as of April 1, 2006.

Dec. no. 28
March 24, 2006
Belgrade

Governor
of the National Bank of Serbia

Radovan Jelašić, sign.