

# Retail investment funds in Armenia: regulatory overview

Narine Beglaryan  
Concern Dialog law firm

[global.practicallaw.com/w-014-6327](http://global.practicallaw.com/w-014-6327)

## RETAIL FUNDS

### 1. What is the structure of the retail funds market? What have been the main trends over the last year?

#### Open-ended retail funds

The Law of Armenia on Investment Funds (Investment Funds Law) was adopted on 22 December 2010 and has been in effect since 9 January 2011.

The Investment Funds Law allows for the establishment of both open-ended and closed-ended retail funds in Armenia. However, the Armenian investment fund market is still growing, and the number of investment funds established only began to increase in 2017 (with more than half of Armenian investment funds registered in 2017).

According to data published on the website of the Central Bank of Armenia (CBA), the number of registered investment funds (other than pension funds) is 16. According to the CBA's website, the number of open-ended funds established in Armenia is three out of 16 (two of these are specialised investment funds and one is a standard investment fund).

It should, however, be noted that Armenian legislation does not define retail funds or use the term "retail fund" as such.

#### Closed-ended retail funds

According to the CBA's website, ten investment funds (other than pension funds) have been indicated as closed-ended funds established in Armenia. Of these, five have been presented as specialised funds.

#### Regulatory framework and bodies

### 2. What are the key statutes, regulations and rules that govern retail funds? Which regulatory bodies regulate retail funds?

#### Open-ended retail funds

**Regulatory framework.** The main law regulating investment funds is the Investment Funds Law, which allows for the establishment of open-ended and closed-ended retail funds in Armenia.

The following other regulations govern retail funds in Armenia:

- Regulation 8/03 on Information Publication by Banks, Credit Organizations, Insurance Companies, Insurance Brokers, Investment Companies, Central Depository and Payment and Settlement Organizations Implementing Money Remittances.

- Regulation 10/01 on Registration and Licensing of Investment Fund Managers and Branches of Foreign Investment Fund Manager; Registration of Branches of Investment Fund Manager and Representative Offices of Investment Fund Manager and Foreign Investment Fund Manager; Re-Registration and Re-Licensing of Investment Companies as Investment Fund Managers; Acquisition of Qualified Holding in Statutory Fund of Investment Fund Manager; Procedure, Forms and Periods of Submission of Work plans, Reports on their Amendments and Execution by Investment Fund Managers, their Branches and Branches of Foreign Investment Fund Manager.
- Regulation 10/02 on Prudential Standards of Management Company, Sizes Thereof (Including Minimum Size of Mandatory Holding of Management Company in Each Investment Fund under Management of Management Company), Minimum Size of Infringement of Prudential Standards which are Grounds for Revocation of License (Permission) of Management Company.
- Regulation 10/04 on the Procedure of Calculation of Net Asset Value of Investment Funds.
- Regulation 10/05 on Accreditation of Managers of Investment fund Managers and Custodians, Natural Persons Executing Investment Fund Management Activity and Investment Fund Custody Keeping, Criteria For Their Professional Compliance and List of Topics for Assessing their professional qualification.
- Regulation 10/10 on Investment Limits of Investment Funds.
- Regulation 10/11 on Terms and Conditions for Registration of Investment Fund (Fund Rules), Issuing Permission to Sell Securities of Foreign Investment Fund in the Republic of Armenia.
- Regulation 10/14 on Procedure of Calculation of Net Asset Value for Determining Taxable Profit.

**Regulatory bodies.** The Central Bank of Armenia (CBA) is the main regulatory body for both the investment funds market and the securities market in Armenia.

#### Closed-ended retail funds

**Regulatory framework.** The regulatory framework for closed-ended retail funds is the same as for open-ended retail funds, and laws applicable to open-ended funds also apply to closed ended funds (see above, *Open-ended retail funds*).

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