

BOSNIA AND HERZEGOVINA  
FEDERATION OF BOSNIA AND HERZEGOVINA  
SECURITIES COMMISSION OF THE FEDERATION  
OF BOSNIA AND HERZEGOVINA

Pursuant to the provisions of Article 46, paragraph (6), Article 71, paragraph (6), and Article 72, paragraph (4) of the Law on Voluntary Pension Funds (Official Gazette of FBiH, 104/16), and Article 12 of the Law on Securities Commission (Official Gazette of FBiH, 39/98, 36/99, 33/04, 92/13 and 6/17), the Securities Commission of the Federation of Bosnia and Herzegovina, at its 545<sup>th</sup> session held on November 23, 2017, adopted the following

**Rulebook**  
**on the Calculation of Net Asset Value of Voluntary Pension Funds**

**Article 1**

This Rulebook shall regulate the following:

- a) The method and frequency of calculating net asset value of voluntary pension funds (hereinafter: funds), in total and per fund investment unit,
- b) The method and frequency of calculating market value per fund asset category,
- c) The method and frequency of valuating fund assets invested according to Article 46, paragraph (1), point i) of the Law on Voluntary Pension Funds (hereinafter: the Law),
- d) The method and deadlines for the depositary to report to the Commission on the fund net asset value calculation, in total and per fund investment unit,
- e) Conduct of the voluntary pension fund management company (hereinafter: the management company) in the event that the calculation and control of fund net asset value calculation was not performed within the prescribed deadline.

***Fund net asset value calculation***

**Article 2**

- (1) The sum of values of all types of fund assets as of the date of valuation shall represent the total fund assets.
- (2) The fund net asset value shall mean the total asset value decreased by the fund's liabilities.
- (3) The fund liabilities may be related to the following:
  - a) Fund asset investments,
  - b) Awarding and exercising the right to terminate fund membership,
  - c) Entry fee and the management company fee,
  - d) The depositary fee,
  - e) Liabilities arising pursuant to Article 65, paragraph (5) of the Law.

### ***Calculation of fund net asset value per investment unit***

#### **Article 3**

- (1) When calculating the total and fund net asset value per investment unit, the management company shall:
  - a) Calculate the total asset value and total liabilities of the fund as of the valuation date, pursuant hereto,
  - b) Calculate the fund net asset value by decreasing the total fund assets by the total fund liabilities as of the valuation date,
  - c) Calculate value per fund's investment unit by dividing the net asset value referred to in point) hereof by the number of investment units as of the previous date of calculating fund investment unit value,
  - d) Transfer investment units to the personal account of the fund member according to the payments received (at the fund investment unit value as of the date of receiving the funds in the fund account), thus decreasing the liabilities stemming from the transfer of investment units, and calculate the amount of liabilities relating to the termination of fund membership referred to in Article 69 of the Law using the fund stake price as of the last day of membership,
  - e) Calculate the fund investment unit number as of the date of valuation, by increasing the number of investment units as of the last day of calculating fund investment unit value by the number of investment units received by transferring investment units to fund members' personal accounts based on payments received, and decreasing it by the number of investment units received by exercising rights to terminate membership referred to in Article 69 of the Law as of the valuation date,
  - f) Calculate the fund net asset value by increasing the fund net assets referred to in point b) by the amount of decreasing liabilities relating to allocated investment units and decreasing it by the amount of the increase in liabilities based on the termination of fund membership referred to in point d) hereof.
- (2) The fund net asset value in total and per investment unit shall be calculated for each day on the following work day.
- (3) The payments received at the fund's account or termination of fund membership which occurred on a non-working day shall be calculated by the management company on the following work day.
- (4) The lowest initial fund investment unit value shall be BAM 10.
- (5) The management company and the depositary shall, for the purpose of control by the Commission, calculate and control of the average fund net asset value calculation, in total and per investment unit, for each semiannual and annual period identical to obligatory financial reporting periods.

### ***Internal valuation procedures***

#### **Article 4**

- (1) The management company shall draw up internal procedures to describe the responsibilities, roles and obligations of all parties to the fund asset and liability valuation.

- (2) In the internal procedure referred to in paragraph (1) hereof, the management company shall provide for at least the following:
  - a) A reliable, transparent, comprehensive and appropriately documented valuation procedure,
  - b) Major elements of valuation procedure and control,
  - c) A description of protection measures for the functional and independent valuation, including the measures for preventing or restricting any persons from having an improper effect on valuation.
- (3) The management company shall provide for the consistent implementation of the internal procedure referred to in paragraph (1) hereof.
- (4) The management company shall assess the appropriateness of the internal procedure referred to in paragraph (1) hereof at least once a year.

### ***Accounting policies***

#### **Article 5**

- (1) The management company shall prescribe in its accounting policies the principles and basis for recognizing, measuring and suspension of recognizing fund assets and liabilities.
- (2) The accounting policies as referred to in paragraph (1) hereof shall be in accordance with the provisions hereof, and the International Financial Reporting Standards (hereinafter: IFRS) whose application is prescribed by the law regulating accounting and audit in the Federation of Bosnia and Herzegovina.

### ***Documenting fund asset and liability valuation***

#### **Article 6**

- (1) The management company shall keep the documents referred to in Article 9, paragraph (5), Article 10, paragraph (1), Article 11, paragraphs (5), (6) and (8), Article 13, paragraphs (4) and (5), and Article 15, paragraphs (4) and (5), and Article 16, paragraph (2) hereof for at least three years from the termination of all rights and obligations arising from the investment in fund assets.
- (2) The management company shall provide the documents referred to in paragraph (1) hereof to the Commission at its request.

### ***Recognizing and measuring fund assets and liabilities***

#### **Article 7**

- (1) Recognition of fund assets and liabilities shall be performed depending on the types of assets and liabilities and their classification according to the fund's accounting policies.
- (2) The fund financial assets and liabilities shall initially be recognized at their fair value, increased (in the event of financial assets or liabilities not registered at fair value in the profit or loss account) by transaction costs directly related to acquiring or delivery of financial assets or liabilities. By way of derogation from the above, financial assets and liabilities measured at fair value in the profit and loss account shall not be increased by transaction costs which are recognized as of their incurrence in the profit and loss account.

- (3) The assets acquired in foreign currencies and subsequent measurement of fund assets and liabilities denominated in a foreign currency shall be converted to their BAM equivalent using the average rates of the Central Bank of Bosnia and Herzegovina as of the date of valuation, or using the exchange rate as stipulated by the contract to which the transaction relates. In case that the foreign currency in which the assets are denominated are not included in the exchange rates of the Central Bank of Bosnia and Herzegovina, the calculation shall be performed using the average rates for EUR or foreign currencies related to the foreign currency in which the assets are denominated as published in the financial information service. The values expressed in EUR or the foreign currency related to the currency in which the assets are denominated shall be calculated into their BAM equivalent using the average rates of the Central Bank of Bosnia and Herzegovina as of the date of valuation.

#### **Article 8**

- (1) Financial assets and liabilities shall be recognized as of the date of application of the provisions of the agreement to which the fund is a party on the conditions relating to instruments.
- (2) The sale and purchase of financial instruments shall be recognized in the fund assets as of the date of trading. The concluded purchase transaction shall be recognized in the fund assets according to the type and classification of the financial instruments, and simultaneously creating a liability to be cleared and settled. The financial instrument shall cease to be recognized in the fund assets as of the date of its sale, and the claims based on the sale of the financial instrument shall begin to be recognized.
- (3) When participating in a public offering, transferrable securities shall initially be stated as a claim with the amount identical to the proposed share of the offering, if there is the obligation to pay cash assets pursuant to the public offering conditions. After accepting the offer, and having received the notification of the offeror, or agent or depositary, whichever is received first, on accepting the public offering of transferrable securities, and the transferrable securities are assigned all necessary characteristics, the transferrable securities shall be recognized in the fund assets in accordance with the financial asset classifications pursuant to the fund accounting policies.

#### ***Financial instrument valued at fair market in the active market***

#### **Article 9**

- (1) The fair value of transferrable debt securities and money market instruments traded in the Federation of Bosnia and Herzegovina and the Republika Srpska in the active market shall be calculated by applying the organized market volume weighted average price pursuant to the law governing the capital market in the Federation of Bosnia and Herzegovina and the Republika Srpska, and the reported OTC transactions (block transactions not included) as of the date of valuing fund assets and liabilities.
- (2) The fair value of equity securities traded in the Federation of Bosnia and Herzegovina and the Republika Srpska in the active market shall be calculated by

- applying the organized market volume weighted average price pursuant to the law governing the capital market in the Federation of Bosnia and Herzegovina and the Republika Srpska as of the date of valuating fund assets and liabilities.
- (3) Notwithstanding paragraph (1) hereof, money market instruments issued by the Federation of Bosnia and Herzegovina and the Republika Srpska may also be valued using the depreciation cost method by applying the effective interest method at the maturity return relevant up to a new transaction of a fund managed by the same management company, or an initial money market instrument issuance by the Federation of Bosnia and Herzegovina and the Republika Srpska, with the same maturity.
  - (4) The fair value of transferrable securities and money market instruments traded in a Member State of the European Union (hereinafter: the EU) or the Organization for Economic Cooperation and Development (hereinafter: the OECD), in an active market, shall be valued using the last trading price quoted in markets referred to in Article 46, paragraph (1), point a) of the Law or at the official stock exchanges or financial information services as of the date of valuating fund assets and liabilities.
  - (5) Notwithstanding paragraph (4) hereof, the management company may use a different price to value transferrable securities and money market instruments if it estimates that the price referred to in paragraph (4) hereof does not represent the fair value of the transferrable securities and money market instruments. In that event, the management company shall explain and document the reasons for valuating using a different price than the one referred to in paragraph (4) hereof.
  - (6) Notwithstanding paragraphs (4) and (5) hereof, the fair value of money market instruments issued by an EU Member State or an OECD Member State may also be valued using the depreciation cost method by applying the effective interest method at the maturity return relevant up to a new transaction of a fund managed by the same management company, or an initial money market instrument issuance by an EU Member State or an OECD Member State with the same maturity.
  - (7) Stakes of UCITS shall be valued at the stake price of an appropriate fund as of the date of valuation, published by the management company or financial information services. In the event that there was no price quotes for UCITS fund stakes on the valuation date or that it was unavailable, the fund stake fair value shall be the fund stake price as of the last day of valuation for which the stake price was published.
  - (8) The provisions of paragraph (7) hereof shall apply, as appropriate, to the stakes of open-end investment funds with public offering which have obtained an operating license in an OECD Member State.
  - (9) The open-end investment fund stakes shall be valued pursuant to paragraph (7) hereof.
  - (10) Shares of a closed-end investment fund shall be valued in accordance with the provisions hereof relating to valuating investments in transferrable equity securities.
  - (11) Stakes of a closed-end investment fund shall be valued in accordance with the provisions Article 13 hereof.

## **Article 10**

- (1) When making the initial investment in a financial instrument, the management company shall define in its internal act the method using which the financial instruments in the fund assets or liabilities shall be valued. The internal act shall contain at least the following:
  - a) The primary source of the valuation price, or the primary market in which the financial instrument in which the fund invests is traded, or whose quotation price is used for valuation,
  - b) Secondary source of the valuation price, if applicable, and the conditions in which the secondary source price shall be used, in case that there is no price referred to in Article 9, paragraphs (1)-(5) and (1) hereof, in the primary market referred to in point a) hereof,
  - c) Valuation techniques to be used to determine the fair value of transferrable securities or money market instruments in the event of failure to meet the active market requirements (inactive market).
- (2) If there is no active market available for the transferrable securities or money market instruments, as defined by the provisions of Article 12 hereof, the provisions of Article 13 hereof shall apply.

## ***Derivatives***

### **Article 11**

- (1) Investments in derivative financial instruments shall be valued at the publicly available final settlement price in markets referred to in Article 46, paragraph (1), point a) of the Law or in the official financial information services.
- (2) Exceptionally, derivative financial markets for which the market price referred to in paragraph (1) hereof is not available shall be valued at fair value as of the valuation date by applying the last purchase bid available in the official financial information service to closed long positions, while the officially available last selling bid shall apply to closed short positions.
- (3) Foreign currency forward transactions are daily valued at fair value, by applying reference interest rates (close-out method) for individual currencies, available in the official financial information service, with the average rates of the Central Bank of Bosnia and Herzegovina used as the reference rate.
- (4) The management company shall prescribe in the fund accounting policies the valuation of OTC derivatives, if the fund prospectus provides for investing in OTC derivatives.
- (5) When estimating the fair value of OTC derivatives, the management company shall provide and prove by appropriate documents that fair values are used in the fund's OTC derivatives which are solely based on market prices quoted by the counterpart in the OTC market, which meet the following requirements:
  - a) The basis for the fair value shall be the relevant market value taken from an appropriate source, or in the absence of such value, the value calculated by applying an appropriate valuation technique,
  - b) The valuation is approved by:
    - A third party, independently from the counterparty of the OTC derivative, regularly, so that the fund may verify it, or

- An organizational unit within the management company independent from the fund asset management operations.
- (6) The management company shall, in relation to paragraph (5) hereof, while taking into consideration the type and complexity of OTC derivatives, establish, implement, regularly update and document, as appropriate, the measures and procedures to ensure proper, transparent and fair valuation of fund investments in OTC derivatives.
  - (7) Exceptionally from paragraphs (1)-(3) hereof, the management company may value derivatives from the fund portfolio, defined as hedging instruments, by applying the International Accounting Standard 39 – Financial Instruments: Recognition and Measurement (hereinafter: IAS 39), or the International Financial Reporting Standard 9 – Financial Instruments (hereinafter: IFRS 9) in the section relating to hedge accounting.
  - (8) If the management company applies hedge accounting referred to in paragraph (7) hereof, it shall draw up a written document defining the hedging instruments and hedged items, as well as a proof of meeting the requirements of the IAS 39 and IFRS 9.

### *Active and inactive market*

#### **Article 23**

- (1) In relation to transferrable equity securities, an active market shall mean a market in which transferrable equity securities were traded for at least 20 days in a three-month period.
- (2) In relation to debt securities and money market instruments traded in the Federation of Bosnia and Herzegovina and the Republika Srpska, an active market shall mean a market in which the abovementioned instruments were traded for at least 15 days in a three-month period.
- (3) In relation to transferrable debt securities and money market instruments traded in an EU Member State and/or OECD Member State, an active market shall mean a market in which the fair value of the abovementioned instruments was determined for at least 15 days in a three-month period.
- (4) The management company shall prescribe clear criteria in the fund accounting policies for investments in derivative financial instruments referred to in Article 11, paragraph (1) hereof to distinguish between active and inactive markets.
- (5) At least once a month for the previous three months, on the last work day of the month, the management company shall assess whether transferrable securities, money market instruments and derivative financial instruments meet the requirements as set out in paragraphs (1)-(4) hereof.
- (6) The management company shall prescribe clear criteria in the fund accounting policies for detecting transactions whose price does not represent the fair value, or transactions which shall not be considered relevant when calculating the number of trading days as referred to in paragraphs (1) and (2) hereof, while taking into consideration the trading volume, number of transactions, price changes, etc.
- (7) The price referred to in Article 13, paragraph (1) hereof shall be applied by the management company no later than as of the seventh work day from assessing inactive markets pursuant to paragraph (5) hereof.

- (8) In addition to the criteria as set out in paragraphs (1) and (2) hereof, the management company may, in the fund accounting policies, prescribe the criteria for differentiating between active and inactive markets, taking into consideration the following:
- a) Trading volume as compared to average volume in the three-month period,
  - b) The difference between the last purchase bid and last sale bid, and
  - c) Trading volume as compared to market capitalization in the three-month period.
- (9) Transactions whose price does not represent fair value when calculating the number of trading days to determine if the market is active as referred to in paragraphs (1) and (2) shall include the following:
- a) Transactions whose daily turnover is less than BAM 25 000 for transferrable debt securities and money market instruments traded in the Federation of Bosnia and Herzegovina and the Republika Srpska, issued or guaranteed by the Federation of Bosnia and Herzegovina and the Republika Srpska and issued by a local or regional self-government unit in the Federation of Bosnia and Herzegovina and the Republika Srpska,
  - b) Transactions whose daily turnover is less than BAM 12 000 for transferrable debt securities and money market instruments traded in the Federation of Bosnia and Herzegovina and the Republika Srpska, issued by an entity with the registered office in the Federation of Bosnia and Herzegovina and the Republika Srpska,
  - c) Transactions whose daily turnover is less than BAM 1 000 for transferrable debt securities issued by a joint stock company with the registered office in the Federation of Bosnia and Herzegovina and the Republika Srpska.
- (10) The management company shall apply as appropriate the provisions hereof to transferrable debt securities and money market instruments, which are listed in markets referred to in Article 46, paragraph (1), point a) of the Law, at the time of assessment referred to in paragraphs (4) and (5) hereof, for a period of less than three months, proportionate to the period of listing of the financial instrument.

***Valuation techniques of financial instruments valued at fair value***

**Article 13**

- (1) Fair value of transferrable securities and money market instruments, and other financial instruments traded in an inactive market shall be assessed using valuation techniques aimed at assessing the price at which assets could be sold, or liabilities transferred in a valid transaction between market participants on a trading day.
- (2) Notwithstanding paragraph (1) hereof, transferrable debt securities issued or guaranteed by the Federation of Bosnia and Herzegovina or the Republika Srpska, an EU Member State or an OECD Member State, issued by a local or regional self-government unit in the Federation of Bosnia and Herzegovina or the Republika Srpska, or in EU Member State or an OECD Member State, the central bank of an EU Member State or an OECD Member State, shall be valued using



- the last price published in the official financial information service on the day for which assets and liabilities are valued.
- (3) Notwithstanding paragraph (1) hereof, transferrable debt securities issued by the Federation of Bosnia and Herzegovina or the Republika Srpska, traded in the Federation of Bosnia and Herzegovina or the Republika Srpska in an inactive market, shall be valued according to the depreciation cost method by applying the effective interest method, with the last known fair value of the securities referred to in Article 9, paragraph (1) hereof as the initial value.
  - (4) The management company shall specify the valuation techniques referred to in paragraph (1) hereof in the fund accounting policy, which shall include at least the following:
    - a) Methods and criteria for choosing valuation techniques,
    - b) Assumptions to be considered when applying valuation techniques and explanation for their use,
    - c) A description of entry data and their sources to be considered when applying valuation techniques.
  - (5) The management company shall draw up, in written, using valuation techniques, an assessment of fair value of transferrable securities or money market instruments, and other financial instruments, containing entry data used in the calculation, and their sources.
  - (6) In the fair value assessment referred to in paragraph (5) hereof, the management company shall explain and document reasons and methods of choosing individual valuation techniques, and in case that several techniques are used, the method of weighting individual valuation techniques, as well as the reasons for not including individual techniques in the fair value calculation.
  - (7) When assessing the fair value, the management company shall utilize to the highest degree possible market entry data, which are publicly available, and avoid using data which are not publicly available, but are issuer-specific, i.e. include all factors which market participants would consider when assessing the fair value.
  - (8) After learning material information related to valuation of financial instruments, the management company shall draw up the fair value assessment, and review it at least when drawing up semi-annual and annual financial statements of the fund.
  - (9) The management company shall describe, in the fund accounting policies, the procedure of reviewing assessments referred to in paragraph (8) hereof, including the following:
    - a) A comparison of realized prices, in the event that trading occurred, with the last estimated fair value,
    - b) An analysis of the reputation, consistency and quality of valuation sources,
    - c) Testing using outdated prices and implicit parameters,
    - d) A comparison to prices of any related assets or their hedges,
    - e) An overview of entry data used for pricing based on models, and especially those to which the model price is sensitive.
  - (10) The fund depositary shall verify whether the management company complied with the provisions of paragraphs (4) and (9) hereof when valuating a financial instrument using valuation techniques.

- (11) By reactivating trading and meeting the requirements of an active market as set out in Article 12 hereof, transferrable securities and money market instruments, and other financial instruments shall be valued pursuant to the provisions of Article (9) and (11) hereof.

***Financial instruments valued according to depreciation cost***

**Article 14**

- (1) Financial liabilities and financial assets classified as loans and claims, and investments held to maturity shall be valued according to the depreciation cost by applying the method of effective interest accrued at the point of each initial investment.
- (2) In case of a sale of a portion of fund assets held to maturity or due to changes in the management company's intention or ability to hold it to maturity, the entire fund assets held to maturity shall be measured at fair value. For two years from the date of the partial sale or re-classification not a single remaining financial instrument may be valued using the method suited for financial assets held to maturity. An exception to the above are cases of sale or re-classification with the characteristics described by IAS 39 and IFRS 9.
- (3) Repurchase agreements and other similar contracts shall be valued as of the date of clearing and settlement, so that the instrument that was subject to the transaction of the fund assets continues to be valued according to the rules for that type of instruments, whereas the liabilities for the received cash funds are valued according to the depreciation cost by applying the method of effective interest.
- (4) Repurchase agreement and other similar contracts shall be classified as loans and claims, and valued as of the date of clearing and settlement by daily calculation of interest pursuant to paragraph (1) hereof.

***Impairment of fund assets***

**Article 15**

- (1) The obligation to draw up an assessment of the existence of proof or circumstances relating to impairment of assets shall apply to all fund assets, except assets classified as financial assets at fair value according to profit or loss.
- (2) The assessment referred to in paragraph (1) hereof shall be performed on any occasion when there is an objective proof or circumstances which suggest that it is necessary to assess the asset value for the purpose of impairment, and at least when drawing up semi-annual and annual financial statements of the fund.
- (3) The management company shall draw up the assessment referred to in paragraph (1) hereof in written, independently from the results of the assessment of the need for impairment of assets, and enclose all the necessary documents and data based on which it was made.
- (4) If, during the assessment referred to in paragraph (1) hereof, it was established that there are proofs or circumstances which suggest there was an impairment of assets, the management company shall draw up in written the estimate of asset impairment stating all entry data used in the calculation, and their sources.

- (5) The management company shall prepare the assessment of evidence or circumstances in relation to asset impairment and an impairment estimate referred to in paragraphs (1) and (4) hereof in accordance with the IAS and provisions hereof.
- (6) Objective proof of asset impairment shall include the following:
  - a) Major financial difficulty of the issuer or debtor, including freezing accounts,
  - b) Major worsening of financial indicators from unconsolidated and/or consolidated financial statements,
  - c) Default of contract, such as failure to pay liabilities or delay in payment of interest or principal of loans and/or securities issued, causing a delay in payments or re-issuing securities to settle liabilities from unsettled issuances,
  - d) Initiating pre-bankruptcy procedure, initiating bankruptcy or liquidation procedure, or other forms of financial re-organization and restructuring,
  - e) Disappearance of active market for securities due to financial difficulties of the issuer, or
  - f) Prolonged and continuous decrease in the price of securities, or a decrease by more than 40% measured over a year as of the date of valuation.
- (7) The fund depositary shall verify whether the management company complied with paragraph (5) hereof when making assessments referred to in paragraphs (1) and (4) hereof, and keep records on the said verification.

#### ***Other assets and liabilities***

##### **Article 16**

- (1) The fair value of foreign currency spot transactions on the date of valuation shall be determined by calculating the difference between the agreed exchange rate and the average rates of the Central Bank of Bosnia and Herzegovina or the rates referred to in Article 7, paragraph (3) hereof as of the date of valuating fund assets.
- (2) The management company shall value other types of assets referred to in Article 46, paragraph (1), point h) of the Law, in case that their valuation is not prescribed hereby, in accordance with its accounting policies, and keep records on all valuation measures and procedures applied.

#### ***Valuation of assets invested in property***

##### **Article 17**

- (1) The methodology for determining the value of fund assets invested in property shall be based on the provisions of the Law and hereof, pursuant to the IAF in force in the Federation of Bosnia and Herzegovina, while taking account of harmonizing the approach and fair presentation of the fund net asset value, including the net asset value per investment unit.
- (2) The property shall initially be measured according to its cost, including all transaction costs, or according to its purchase price increased by all direct costs of acquiring property as foreseen by the Law.

##### **Article 18**

- (1) The sale and purchase of property shall be included in fund asset valuation as of the date of the transaction and providing proof of fund's ownership of the property.
- (2) Trading transactions and fund liabilities shall be recorded in the fund's business records based on proper and authentic accounting documents on the transaction value according to market terms.
- (3) The transaction value according to market terms shall mean the value realized in a transaction between parties which do not have a specific or special relationship, or are not related parties, and the transaction price does not derogate from the characteristic prices in the active market, i.e. which does not derogate significantly from the valuation by a certified appraiser. The property valuation shall be based on the valuation performed by a certified appraiser.
- (4) The property acquired in a foreign currency shall be converted into BAM, at the average rate of the Central Bank of Bosnia and Herzegovina as of the date of valuation.

### **Article 19**

- (1) Valuation of fund assets invested in property shall be performed pursuant to the accounting policy for the investments of the fund management company and in accordance with the principles of IAS in force in the Federation of Bosnia and Herzegovina appropriate to valuating basic types of property.
- (2) Investments of fund assets in property intended to be sold within a year from its initial classification shall be valued according to the book value model or the model of fair value reduced by the cost to sell, depending which is lower, without the depreciation obligation. If the sale of the said property is not realized within the planned timeframe, obligatory classification shall be performed to determine the value as for the property held for use.
- (3) Investment of fund assets in property expected to increase the fund asset value by its use shall be valued using the revaluation method. The property revaluation shall be performed in each quarter, or more frequently if necessary, if the book value derogates significantly from the fair value reflecting market terms.
- (4) Property fair value is the current price in the active market for a comparable type of property in the same location, and in the same state, subject to similar contracts, which does not derogate from the appraisal by a certified appraiser. Property fair value confirmation shall be performed based on the appraisal by a certified appraiser.
- (5) In case of a lack of current price in the active market, the management company shall use, as a source for the property fair price the current price in the active market of property of other types, state or location, the last price of comparable property in less active markets, or other techniques for determining the fair price using the income method or depreciation cost method.
- (6) Subsequent measuring of property denominated in foreign currency shall be performed according to the average rate of the Central Bank of Bosnia and Herzegovina as of the date of valuation.

## **Article 20**

The management company shall provide for performing the audit of the net value assessment of each property in the fund portfolio within the procedure of audit of fund's financial statements, for each business year.

### ***Reporting methods and deadlines***

## **Article 21**

- (1) The depositary shall, on each day of calculating net value, in total and per investment unit of the fund, as of the valuation date, report to the management company for whose fund it performs depositary operations on the control procedure for fund net asset value.
- (2) On each valuation day, the depositary shall deliver to the Commission, on later than by 15:00 of the same day, a report on the control of fund net asset valuation, in total and per investment unit, as of the valuation date.
- (3) The report referred to in paragraph (2) hereof shall be delivered by the depositary in electronic form on forms provided in Annexes 1, 2 and 3, enclosed to this Rulebook, representing its integral part.
- (4) In all cases of discrepancies and inconsistencies in the application hereof, the management company and/or depositary shall amend the calculation and valuation of fund net assets, at the request of the Commission, and provide an explanation of reasons for and consequences of derogation from fund asset and liability valuation principles, as well as the report on the new fund net asset value calculation, in total and per investment unit.
- (5) In the event that the calculation and control of calculation of fund net asset value was not performed within the deadline referred to in paragraph (2) hereof, the management company shall deliver to the Commission's e-mail address a notification on the reasons for failure to meet the deadline referred to in paragraph (2) hereof and provide an estimate of the timeframe within which the calculation and control shall be performed.

## **Final provision**

## **Article 22**

(Coming into force)

This Rulebook shall come into force on the eighth day from the day of its publication in the Official Gazette of the Federation of Bosnia and Herzegovina.

Ref. No.: 01-02-2479/17  
In Sarajevo, November 23, 2017

President  
of the Securities Commission  
of the Federation of Bosnia and Herzegovina

Hasan Čelam, MSc

## ANNEX 1

*Fund name:*

*Registration number:*

*Management company:*

*Identification number of management company:*

*Tax registration number of management company:*

*Fund tax registration number:*

### REPORT ON FUND NET ASSET VALUE CALCULATION, IN TOTAL AND PER INVESTMENT UNIT, AS OF ----.

No.	Description	Total value as of reporting date	Share in fund asset value (%)
1	2	3	4
1.	Shares		
2.	Bonds		
3.	Other securities		
4.	Deposits and placements		
5.	Cash and cash equivalents		
6.	Property		
7.	Other assets		
<b>I</b>	<b>TOTAL ASSETS</b>		
<b>II</b>	<b>TOTAL LIABILITIES</b>		
<b>III=(I-II)</b>	<b>NET ASSETS</b>		
<b>IV</b>	<b>NUMBER OF INVESTMENT UNITS</b>		
<b>V=(III/IV)</b>	<b>NAV PER INVESTMENT UNIT</b>		
<b>VI</b>	<b>INVESTMENT UNIT VALUE</b>		

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FOR THE  
DEPOSITARY

## ANNEX 2

### REPORT OF DEPOSITARY ON RESULTS OF EXAMINING THE VALIDITY OF PROCEDURE AND VALUATION OF FUND NET ASSETS IN TOTAL AND PER INVESTMENT UNIT

<b>Date of report:</b>	
<b>Fund:</b>	

#### *I. Result of testing the validity of asset valuation procedure*

<b>Fund asset position</b>	<b>Symbol of securities</b>	<b>Type of error</b>	<b>Misvaluation (BAM)</b>	<b>Accurate valuation (BAM)</b>	<b>Note</b>
-	-	-	-	-	-

Types of error:

- 01 - Error in showing securities in the stock exchange
- 02 - Error in showing average securities price in the stock exchange
- 03 - Price of securities differs from the organized market price
- 04 - Error in showing nominal value of debt securities
- 05 - Error in showing interest rate
- 06 - Error in showing unit purchase price
- 07 - Error in showing purchase price
- 08 - Error in showing days remaining until the last coupon
- 09 - Error in showing method of calculating the number of days
- 10 - Error in showing maturity date
- 11 - Error in showing outstanding interest up to the valuation date
- 12 - Error in showing outstanding interest as of the valuation date
- 13 - Error in showing claims
- 14 - Error in showing exchange rates
- 15 - Ostalo

#### *II. Results of examining the net asset value calculation per share/stake*

<b>Type of error (code)</b>	<b>Miscalculation</b>	<b>Type of error</b>	<b>Accurate valuation</b>	<b>Note</b>
-	-	-	-	-

Type of error (code):

- A1 - Miscalculated total assets
- A2 - Miscalculated fund liabilities
- A3 - Miscalculated fees
- A4 - Error in net asset value prior to share/stake valuation
- A5 - Error in the number of stakes for the previous day (t-1)
- A6 - Error in payments for stakes sold (t)
- A7 - Error in decreasing the number of stakes for the previous date (t-1)
- A8 - Error in stake value for the previous day (t-1)
- A9 - Error in the payment sum for stake repurchase (t)
- A10 - Error in stating the change in the number of stakes (t)
- A11 - Error in the total number of stakes/shares (t)

- A12 - Fund net asset value miscalculation (t)
- A13 - Fund net asset value per stake/share miscalculation (t)
- A14 - Other



**ANNEX 3****REPORT OF THE DEPOSITARY BANK ON EXAMINING DEROGATIONS FROM THE INVESTMENT  
STRUCTURE AS PRESCRIBED BY LAW FOR VOLUNTARY PENSION FUNDS FOR WHICH  
DEPOSITARY OPERATIONS ARE PERFORMED**

Date of report:

Fund:

Type of assets	Value (BAM)	Current ownership (%)	Legal restriction (%)	Derrogation (%)
<b>TOTAL:</b>				

Depositary: