APPROVED by the General Meeting of Members of the Horse Breeding Development Association, Minutes No. 4 dated 10 February 2019.

REGULATIONS ON THE PROCEDURE FOR PLACING THE HORSE BREEDING DEVELOPMENT ASSOCIATION'S COMPENSATION FUND RESOURCES FOR THEIR PRESERVATION AND GROWTH AND ON THE DIRECTIONS OF THEIR PLACEMENT (INVESTMENT DECLARATION)

[The Russian original bears the Association's emblem, a round seal and a handwritten signature.]

Moscow, 2019

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1. General Provisions

1.1. These Regulations on the Procedure for Placing the Horse Breeding Development Association's Compensation Fund Resources for Their Preservation and Growth and on the Directions of Their Placement (Investment Declaration) have been developed in accordance with Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations', the Charter of the Horse Breeding Development Association (hereinafter, ARK), and ARK's internal documents.

1.2. These Regulations prescribe the procedure for placing compensation fund resources, including for their preservation and growth, and the directions of their placement (investment declaration).

2. Placement of Compensation Fund Resources

2.1. Compensation fund resources:

2.1.1. shall be placed:
- in ARK's current account until a special current account designated for compensation fund transactions is opened;
- in a special current account opened with a Russian credit institution;
- for the preservation and growth of the compensation fund, in deposit accounts opened with Russian credit institutions;

2.1.2. shall be invested:
- in real estate, in which no more than ten per cent of compensation fund resources may be invested;
- in government securities of the Russian Federation, in which no less than ten per cent of compensation fund resources must be invested.

2.2. Any other placement of compensation fund resources not specified in subparagraph 2.1.1 of clause 2.1 of these Regulations is prohibited.

2.3. ARK's General Meeting of Members shall decide on placing compensation fund resources in a special current account and deposit accounts and on investing them in accordance with subparagraph 2.1.2 of clause 2.1 of these Regulations.

2.4. Placement of compensation fund resources for their preservation and growth, and investment of those resources, shall be carried out through management companies.

2.5. A specialized depository, acting under an agreement for specialized depository services, shall monitor management companies' compliance with the restrictions on placement and investment of compensation fund resources, the rules for placing those resources, and the investment requirements, and shall monitor the investment of compensation fund resources, as prescribed by these Regulations, Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations', and the investment declaration adopted by ARK.

2.6. ARK may conclude agreements only with management companies and a specialized depository selected through a competitive procedure conducted in accordance with ARK's internal documents.

2.7. Income derived from the placement and investment of compensation fund resources shall be used to replenish the compensation fund and cover expenses

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associated with ensuring appropriate conditions for investing compensation fund resources.

3. Final Provisions

3.1. These Regulations shall enter into force on the date of their approval, but not before information concerning ARK is entered in the state register of self-regulatory organizations in accordance with the requirements of Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations'.

3.2. Amendments to these Regulations shall be made by a decision of ARK's General Meeting of Members in accordance with the legislation of the Russian Federation and ARK's Charter.
Such amendments shall enter into force on the date of their approval, unless the amendments specify different effective dates, but not before information concerning ARK is entered in the state register of self-regulatory organizations in accordance with the requirements of Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations'.

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