

On Approving Procedure for Calculation and Accounting Profit (Loss) from Investment of Non-State Pension Fund Assets

Ordinance of the State Commission for Regulation of Financial Services Markets in Ukraine of April 2, 2008 N 424

**Registered with the Ministry of Justice of Ukraine
on June 18, 2008 under N 540/15231**

Pursuant to the requirements of Part 7 Article 51 of the Law of Ukraine On Non-State Pension Provision the State Commission for Regulation of Financial Services Markets in Ukraine **HEREWITH RULES:**

1. Approve the Procedure for Calculation and Accounting Profit (Loss) from Investment of Non-State Pension Fund Assets (Attached).
2. The Department of State Regulation and Financial Services Markets Development together with the Legal Department shall ensure filing of this Ordinance with the Ministry of Justice of Ukraine for the state registration.
3. The Department of Organizational and Analytical Support to the Chairman shall ensure promulgation of this Ordinance in mass media after its state registration.
4. The control over compliance with this Ordinance shall be vested with the Deputy Chairman according to the duties segregation.

Commission Chairman

V. Alioshyn

APPROVED BY:

**Chairman of the State Committee of Ukraine
on Regulatory Policy and Entrepreneurship**

K. Vashchenko

Minutes of the Commission's Meeting of
April 2, 2008 N 405/2

On Approving Procedure for Calculation and Accounting Profit (Loss) from Investment of Non-State Pension Fund Assets

Resolution of the Securities and Stock Market State Commission of April 2, 2008 N 322

**Registered with the Ministry of Justice of Ukraine
on June 18, 2008 under N 540/15231**

Pursuant to the Law of Ukraine On State Regulation of Securities Market in Ukraine and Part 7 Article 51 of the Law of Ukraine On Non-State Pension Provision the Securities and Stock Market State Commission **HEREWITH RESOLVES:**

1. Approve the Procedure for Calculation and Accounting Profit (Loss) from Investment of Non-State Pension Fund Assets (Attached).
2. The Securities and Stock Market State Commission Chief of Staff Mr. Yu. Nazarenko shall ensure that the State Commission for Regulation of the Financial Services Markets in Ukraine is informed about this Resolution.
3. The control over compliance with this Resolution shall be vested with the SSMSC Commissioner Mr. S. Biriuk.

Minutes of the Commission's Meeting of
April 2, 2008 N 15

APPROVED

by Ordinance of the State Commission for
Regulation of Financial Services Markets in
Ukraine dated April 2, 2008 N 424,
Resolution of the Securities and Stock
Market State Commission dated April 2,
2008 N 322 and registered with the Ministry
of Justice in Ukraine on June 18, 2008
under N 540/15231

**Procedure for Calculation and Accounting Profit (Loss) from Investment of Non-State
Pension Fund Assets**

This Procedure has been developed pursuant to Article 51 of the Law of Ukraine On Non-State Pension Provision and Item 1 of Part 1 Article 28 of the Law of Ukraine on Financial Services and State Regulation of the Financial Services Markets.

I. General Provisions

1. This Procedure shall set forth the specifics of calculation and accounting of profit (loss) from investment of non-state pension fund (open, corporate and occupational) (hereinafter, pension fund) assets by NPF Administrator in accordance with the Law of Ukraine On Non-State Pension Provision (hereinafter referred to as the Law).

2. The Procedure shall be applied by pension funds administrators and persons managing pension funds assets pursuant to the legislation, a contract on pension fund administration and a contract on pension fund assets management in calculating profit (loss) from investment of pension fund assets based on the pension fund accounting and its crediting within the personified record-keeping system of the pension fund.

3. In this Procedure the terms mentioned below are used in the following meanings:
Pension fund expenses shall be the reduction in economic benefits in the form of decrease in the amount of pension assets of the fund without relevant reduction or increase in the amount of its liabilities and without relevant increase in the amount of its pension assets.

Business operation shall be an action or an event which causes changes in the structure of pension fund assets, liabilities and in the pension fund NAV.

Unearned income of pension fund shall be income gained on the pension fund assets in the form of interest, dividends, royalty, as well as rent (lease) payments under the contracts of operating lease (financial leasing), etc.

Pension fund assets revaluation shall be determination of the value of pension fund assets as of a certain date according to the procedure set in the Regulation on the Procedure for Determining NAV of NPF (open-end, corporate and occupational one) approved by SSMSC Resolution # 339 of August 11, 2004 and registered with the Ministry of Justice of Ukraine on January 25, 2005 under # 96/10376 taking into account the accounting standards;

Pension fund profit (loss) is the difference between the amount of income gained from investment of pension assets as well as other income (losses) and expenses related to realization of private pension provision.

4. Other terms used in this Procedure are used in the meanings defined by the Law.

II. Calculation of Pension Fund Profit (Loss)

1. Income (losses) from managing pension fund assets consists of the following:

Profit (loss) from transactions with pension fund assets;

Unearned income gained on pension fund assets.

2. Transactions with pension fund assets include the following business operations:

- Assets acquisition/alienation;
- Revaluation of pension fund assets;
- Gaining income (loss) from currency translation difference;
- Retirement of assets that cease to correspond to such state in which they are considered to be assets;
- Other business operations that influence pension fund NAV.

3. Profit (loss) from transactions with pension fund assets consists of the following:

1) in case of assets alienation, the difference between income gained from sale (alienation by other means) of a corresponding pension fund asset and the value of this asset as it is accounted as of the last date of the asset valuation;

2) in case of assets revaluation, the income gained from increase in value or losses incurred by decrease in a pension fund assets value.

3) income (losses) from currency translation – according to Accounting Regulation (Standard) 21 “Impact of Currency Rates Change” approved by Order of the Ministry of Finance of Ukraine of August 10, 2000 # 193 and registered with the Ministry of Justice of Ukraine on August 17, 2000 under # 515/4736;

4) losses from retirement of assets that cease to correspond to such state in which they are considered to be assets.

4. Unearned income is recognized in accordance with Accounting Regulation (Standard) 15 “Income” approved by Order of the Ministry of Finance of Ukraine of November 29, 1999 # 290 and registered with the Ministry of Justice of Ukraine on December 14, 1999 under # 860/4153 and Accounting Regulation (Standard) 14 “Rent” approved by Order of the Ministry of Finance of Ukraine of July 28, 2000 # 181 and registered with the Ministry of Justice of Ukraine on August 10, 2000 under #487/4708.

5. Other pension fund income (losses) consist of earnings gained by pension fund due to payments of fines in its favour and also other pension fund income (losses) permitted by the legislation.

6. Other pension fund income (losses) shall be recognized and accounted in accordance with accounting regulations (standards).

7. Pension fund expenses related to provision of non-state pensions and paid at the expense of pension assets include:

1) payment for administrator’s services, including payment for advertising and agent’s services related to the pension fund functioning as well as expenses for publication of information on the pension fund’s activity provided for by the Law;

2) payment of fee for providing services on pension fund asset management;

3) payment of custodian fee;

- 4) payment for services of performing scheduled audits of the pension fund;
- 5) payment for services of security traders, of the cost of record-keeping and re-registration of title to the pension fund assets;
- 6) payment for notary services;
- 7) payment for services on evaluation of investment objects according to the procedure envisaged in the legislation;
- 8) payment for services related to the use (maintenance) of immovable property;
- 9) payment for trade-organizer's confirmation of the report on settled trades with domestic securities being in NPF portfolio which is filed according to the Regulation on Filing Private Pension Provision Reports by Pension Fund Administrators approved by Ordinance of the State Commission for Regulation of Financial Services Markets in Ukraine of June 22, 2004 #1100 and registered with the Ministry of Justice of Ukraine on July 19, 2004 under # 898/9497.

8. The whole profit (loss) from investment of pension fund assets without exception calculated according to the requirements of this Procedure shall be the subject to crediting to individual accounts of the pension fund participants proportionally to their individual account balances as of the date of crediting.

III. Accounting of Profit (Loss) from Investment of Pension Fund Assets. Control over Compliance with the Requirements of this Procedure

1. Accounting of profit (loss) from investment of a pension fund assets shall be done by the pension fund administrator in accordance with the established accounting policy of the pension fund. In accounting pension fund profit (loss) the pension fund administrator may use the guidelines of the State Commission for Regulation of Financial Services Markets in Ukraine on accounting of non-state pension funds principal transactions.

2. Calculation of the pension fund profit (loss) and its crediting to the individual accounts of the fund participants shall be made by administrator as frequently as it is established by the pension fund record-keeping policy, but no less frequently than once a month.

3. Record-keeping of the shares of profit (loss) from investment of pension fund assets due to the fund participants shall be made by the pension fund administrator on individual pension accounts according to the Regulation on Administering Non-State Pension Funds approved by the Ordinance of the State Commission for the Regulation of Financial Services Markets in Ukraine of July 20, 2004 # 1660 registered with the Ministry of Justice of Ukraine on August 6, 2004 under No 990/9589.

4. Control over compliance with the requirements of this Procedure shall be exercised by the State Commission for Regulation of Financial Services Markets in Ukraine and the Securities and Stock Market State Commission pursuant to the legislation.

**Commissioner – Director of State Regulation
and Financial Services Development
Department**

**Chairman of the Securities and Stock Market
State Commission**

I. Pryyanchuk

A. Balyuk